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Statistical Commission
Thirty-sixth session
1-4 March 2005
Item 2 of the provisional agenda
Adoption of the agenda and other organizational matters

Provisional agenda and annotations

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Annotations

1. Election of officers

In accordance with rule 15 of the rules of procedure of the functional commissions of the Economic and Social Council and past practices, the Statistical Commission, at the commencement of its first meeting of a regular session, shall elect, from among the representatives of its members, a Chairman, three Vice-Chairmen and a Rapporteur (the Bureau).

The Bureau serves for two years, as far as possible. This is achieved by electing the Bureau for a period of one year and re-electing those members of the Bureau who continue to be representatives to the Commission at the following session. The Bureau is elected based on the principle of equitable geographical distribution: a member of the Bureau is elected from each of the regions represented in the Commission.

2. Adoption of the agenda and other organizational matters

The items in the provisional agenda and the corresponding documentation were proposed by the Commission at its thirty-fifth session (New York, 2-5 March 2004).[1] Some changes have been made, in consultation with the officers of the Commission. The proposed draft organization of work is before the Commission. The Commission is invited to adopt the agenda and organization of work for the session.

Documentation

Provisional agenda and annotations (E/CN.3/2005/1)

Note by the Secretariat on the organization of the work of the session (E/CN.3/2005/L.1)

Note by the Secretariat on the state of preparation of documentation for the session (E/CN.3/2005/CRP.1)

3. Follow-up to policy decisions of the Economic and Social Council: working methods of the Statistical Commission

The Commission will have before it the report of the Bureau of the Commission reporting on its review of the working methods of the Statistical Commission. The report covers the areas of agenda content and structure, time management, documentation, preparation of session report, participation in the session, politicization, and relation with the Economic and Social Council and other functional commissions. The report presents the decisions taken by the Bureau in order to improve the working methods. The Commission is invited to comment on the report.

Documentation

Note by the Secretary-General transmitting the report of the Bureau of the Statistical Commission on the review of working methods (E/CN.3/2005/2)

4. Economic statistics

(a) Programme review: energy statistics

The Statistical Commission will have before it the report of Statistics Norway, which overviews the new needs for energy statistics and how they are satisfied by the conceptual and practical work undertaken by international, regional and specialized organizations. The Commission is invited to express its views on the findings, conclusions and recommendations for future work in this area.

Documentation

Note by the Secretary-General transmitting the report of the Programme Reviewer (Statistics Norway) on energy statistics (E/CN.3/2005/3)

(b) National accounts

The Commission will have before it the report of the Intersecretariat Working Group on National Accounts. The report includes a progress report on work completed in the updating of the System of National Accounts, 1993 (1993 SNA).[2] It covers the results of meetings of the Advisory Expert Group on National Accounts and other expert groups, summarizes the recommendations reached on a number of issues among the 44 issues selected for updating, and provides information on the global consultation mechanism, the governance structure, the funding situation and other aspects of the SNA updating project to be completed by 2008. The report summarizes the findings of a survey conducted by the United Nations Statistics Division, at the request of the Commission at its thirty-fifth session, to reveal and analyse the factors impeding the implementation of the 1993 SNA in developing countries. The Commission is invited to express its views on the status of the SNA updating, comment on the progress in understanding the factors impeding the implementation of the 1993 SNA and discuss possible solutions to improve the level, scope and pace of the 1993 SNA implementation in developing countries.

Documentation

Note by the Secretary-General transmitting the report of the Intersecretariat Working Group on National Accounts (E/CN.3/2005/4)

(c) Service statistics

The Commission will have before it a report prepared by the Organization for Economic Cooperation and Development (OECD) containing information on work undertaken internationally and recent developments in the field of service statistics. The Commission is invited to review progress and to comment on future directions of the work in service statistics.

Documentation

Note by the Secretary-General transmitting the report of the Organization for Economic Cooperation and Development on service statistics (E/CN.3/2005/5)

(d) Statistics of international trade in services

The Commission will have before it the report of the Task Force on Statistics of International Trade in Services on its recent meetings and proposed future work programme. This item is for information and the Commission is invited to take note of the report.

Documentation

Note by the Secretary-General transmitting the report of the Task Force on Statistics of International Trade in Services (E/CN.3/2005/6)

(e) International Comparison Programme

The Commission will have before it a report prepared by the World Bank on recent developments and progress in the global implementation of the International Comparison Programme. In addition to discussing the status of implementation of the Programme, the report presents future plans for the completion of the current phase and the continuation of the worldwide purchasing power parity comparisons. This item is for information and the Commission is invited to take note of the report.

Documentation

Note by the Secretary-General transmitting the report of the World Bank on the International Comparison Programme (E/CN.3/2005/7)

(f) Price Statistics

The Commission will consider developments in the field of price statistics based on two reports: one by the Ottawa Group on Price Indexes and another one by the Intersecretariat Working Group on Price Statistics. This item is for information and the Commission is invited to take note of the reports presented under this item.

Documentation

Note by the Secretary-General transmitting the report of the Ottawa Group on Price Indexes (E/CN.3/2005/8)

Note by the Secretary-General transmitting the report of the Intersecretariat Working Group on Price Statistics (E/CN.3/2005/9)

(g) Informal sector statistics

The Commission will have before it a report of the Delhi Group on Informal Sector Statistics providing an update on its most recent meeting, the activities undertaken and planned outputs. This item is for information and the Commission is invited to take note of the report.

Documentation

Note by the Secretary-General transmitting the report of the Delhi Group on Informal Sector Statistics (E/CN.3/2005/10)

5. Demographic and social statistics

(a) Population and housing censuses

The Commission will have before it the report of the Secretary-General summarizing activities completed in response to the actions taken by the Commission at its thirty-fifth session, including a draft resolution requesting the Secretary-General to proceed with the development of a 2010 World Population and Housing Census Programme recommending that States Members of the United Nations undertake to carry out population and housing censuses during the period 2005-2014; the formation of an international expert group to focus on critical issues related to planning the next round of population and housing censuses (2005-2014), and the establishment of draft terms of reference, outlining the role of the expert group, its process and the setting of priorities of work and outputs in relation to the 2010 World Population and Housing Census programme.

The report also presents conclusions and recommendations of the United Nations Symposium on Population and Housing Censuses (New York, 13 and 14 September 2004) and the Expert Group Meeting to Review Critical Issues Relevant to the Planning of the 2010 Round of Population and Housing Censuses (New York, 15-17 September 2004). The Commission is invited to express its views on the draft resolution, and on the terms of reference of the Expert Group, and to comment on the direction of the Expert Group's future work.

Documentation

Report of the Secretary-General on population and housing censuses (E/CN.3/2005/11)

(b) Health statistics

The Commission will have before it a report of the World Health Organization (WHO) that addresses the recommendations made by the Commission at its thirty-fifth session and describes progress made by the Organization along those lines,

including regarding the formation of an intersecretariat working group on health statistics. The Commission is invited to comment on the progress made thus far by WHO with regard to the Commission's recommendations.

Documentation

Note by the Secretary-General transmitting the report of the World Health Organization on health statistics (E/CN.3/2005/12)

(c) Poverty statistics

The Commission will have before it an update on the progress made by the United Nations Statistics Division in preparing a handbook on poverty measurement. The report describes how four regional workshops held in 2004 provided inputs into the drafting process and helped to determine the focus of the publication. This item is for information and the Commission is invited to take note of the report.

Documentation

Report of the Secretary-General on poverty statistics (E/CN.3/2005/13)

(d) Disability statistics

The Commission will have before it the report of the Washington Group on Disability Statistics. The report summarizes the work accomplished by the Washington Group and outlines future activities. This item is for information and the Commission is invited to take note of the report.

Documentation

Note by the Secretary-General transmitting the report of the Washington Group on Disability Statistics (E/CN.3/2005/14)

6. Natural resources and environment statistics

(a) Environmental accounting

The Commission will have before it the report of the Secretary-General on environmental-economic accounting. The report includes a proposal for the creation of a technical United Nations committee on environmental accounting. The document outlines the responsibilities of the committee. The Commission is invited to endorse the formation of this technical committee.

Documentation

Report of the Secretary-General on environmental-economic accounting (E/CN.3/2005/15)

(b) Environment statistics

The Statistical Commission will have before it the report of the Intersecretariat Working Group on Environment Statistics. The report informs the Commission about the activities carried out in 2004 and plans for 2005-2006. This item is for information and the Commission is invited to take note of the report.

Documentation

Note by the Secretary-General transmitting the report of the Intersecretariat Working Group on Environment Statistics (E/CN.3/2005/16)

7. Activities not classified by field

(a) Statistical capacity-building

The Commission will have before it the report of the Secretary-General containing a brief description of the current technical cooperation programmes of the United Nations Statistics Division and their funding mechanisms. Furthermore, the report describes new strategic priorities. The Commission is invited to comment on the technical cooperation programme of the Statistics Division.

The Commission will also have before it a report of the Partnership in Statistics for Development in the Twenty-first Century (PARIS 21) outlining how the National Strategy for the Development of Statistics (NSDS) provides a country with a strategy for strengthening statistical capacity across the entire national statistical system. The Strategy is a comprehensive and unified framework for continuous assessment of evolving user needs and priorities for statistics and for building the capacity needed to meet these needs in a more coordinated, synergistic and efficient manner. The Commission is invited to comment on the NSDS approach.

Documentation

Report of the Secretary-General on statistical capacity-building (E/CN.3/2005/17)

Note by the Secretary-General transmitting the report of the Partnership in Statistics for Development in the Twenty-first Century (PARIS 21) (E/CN.3/2005/18)

(b) International economic and social classifications

The Commission will have before it the report of the Secretary-General on international economic and social classifications providing information on recent developments, including the status of revision of the International Standard Industrial Classification of All Economic Activities, the Central Product Classification, the Standard International Trade Classification and the International Standard Classification of Occupations. This item is for information and the Commission is invited to take note of the report.

Documentation

Report of the Secretary-General on international economic and social classifications (E/CN.3/2005/19)

(c) Indicators for follow-up to United Nations conferences

This report to the Commission describes the work of the Inter-Agency and Expert Group on Millennium Development Goals Indicators in 2004-2005 in the following areas: compilation and analysis of the indicators, review of methodologies related to the agreed indicators, coordination of data collection at the global level and coordination and support to countries that are establishing country-led programmes of data collection, analysis and reporting for Millennium Development Goals

indicators. It also describes the 2004-2005 international work plan for Millennium Development Goals indicators, the planned outputs in relation to the series of international events planned in 2005 leading up to the expected follow-up Millennium Summit in September 2005 and the interrelation between international and national work on Millennium Development Goals indicators. This item is for information and the Commission is invited to take note of the report.

Documentation

Report of the Secretary-General on the indicators for monitoring the Millennium Development Goals and for follow-up to the outcomes of the major United Nations conferences and summits in the economic and social fields (E/CN.3/2005/20)

(d) Presentation of statistical data and metadata

Following the presentation of an outline for a proposed "Data and metadata reporting and presentation handbook" the Commission in 2004, the Organization for Economic Cooperation and Development (OECD) prepared a draft version of the handbook, which the Commission will have before it as a background document. The draft incorporates comments and suggestions received from international organizations and national agencies in both OECD and non-OECD countries over the last 12 months. It should be emphasized that the format of the handbook, among other features, allows for the incorporation of emerging issues on data presentation as they arise in future. OECD is inviting countries to provide final comments to them. This item is for information and the Commission is invited to take note of the report.

Documentation

Note by the Secretary-General transmitting the report of the Organization for Economic Cooperation and Development on the presentation of statistical data and metadata (E/CN.3/2005/21)

(e) Common open standards for the exchange and sharing of data and metadata

The Commission will have the report of the Task Force to Establish Standards on Data and Metadata Exchange. This year's report focuses on developments in progress, including the September 2004 release of Version 1.0 standards available from www.sdmx.org. This item is for information and the Commission is invited to take note of the report.

Documentation

Note by the Secretary-General transmitting the report of the Task Force to Establish Standards on Data and Metadata Exchange (E/CN.3/2005/22)

(f) Information and communication technologies statistics

The Commission will have before it a report prepared by the members of the Partnership on Measuring Information and Communication Technologies for Development providing an overview of the Partnership and its objectives, and ongoing and planned activities. The report will present the outcome of a global stocktaking exercise on the current and future collection of official information and

communication technologies (ICT) statistics at the national level, as well as key ICT readiness and usage indicators currently discussed by the international community covering areas such as basic infrastructure and access, the ICT sector, household, business and education. This item is for information and the Commission is invited to take note of the report.

Documentation

Note by the Secretary-General transmitting the report of the Partnership on Measuring Information and Communication Technologies for Development (E/CN.3/2005/23)

(g) Coordination and integration of statistical programmes

The Committee for the Coordination of Statistical Activities held its third and fourth session in New York on 1 March 2004 and from 1 to 3 September 2004, respectively. The Commission will have before it the report on both sessions of the Committee. The Commission may wish to take into account, in its discussions under relevant agenda items, the views expressed by the Committee. This item is for information and the Commission is invited to take note of the report.

Documentation

Note by the Secretary-General transmitting the report of the Committee for the Coordination of Statistical Activities on its third and fourth sessions (E/CN.3/2005/24)

(h) Programme questions (United Nations Statistics Division)

The Commission will receive an oral report from the Director of the United Nations Statistics Division concerning current activities, plans and priorities. It will also have before it the proposed programme of work of the Statistics Division for the biennium 2006-2007. The Commission is invited to approve the changes to the work programme for 2005 and to comment on the proposed programme for 2006-2007.

Documentation

Note by the Secretariat transmitting the draft programme of work of the United Nations Statistics Division for the biennium 2006-2007 (E/CN.3/2005/25)

8. Provisional agenda and dates for the thirty-seventh session of the Commission

In accordance with rule 9 of the rules of procedure of the functional commissions of the Economic and Social Council, the Commission will have before it the draft provisional agenda for its thirty-seventh session, together with an indication of the documents to be submitted under each item and the legislative authority for their preparation. The Commission will also have before it a proposal for the dates of the session. In addition, in accordance with the request of the Council (see Council resolution 1999/51), the Commission will have before it a draft multi-year programme of work for 2005-2008. The Commission is invited to approve the date, the provisional agenda and the documentation for the thirty-seventh session, as well as the multi-year programme.

Documentation

Note by the Secretariat containing the provisional agenda and dates for the thirty-seventh session of the Commission (E/CN.3/2005/L.2)

Note by the Secretary-General containing the draft multi-year programme of work of the Commission (E/CN.3/2005/26)

9. Report of the Commission on its thirty-sixth session

The Commission may wish to adopt the report on its thirty-sixth session, which will be submitted to the Economic and Social Council.

Documentation

Draft report of the Commission on its thirty-sixth session (E/CN.3/2005/L.__)

Notes

[1] See *Official Records of the Economic and Social Council, 2004, Supplement No. 4* (E/2004/24), chap. I, sect. A, draft decision.

[2] United Nations publication, Sales No. E.94.XVII.4.

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Economic and Social Council

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Statistical Commission
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Item 3 of the provisional agenda*
Follow-up to policy decisions of the Economic and Social Council: working methods of the Statistical Commission

Report of the Bureau of the Statistical Commission on the review of working methods

Note by the Secretary-General

The Secretary-General has the honour to transmit to the Statistical Commission the report of the Bureau of the Statistical Commission on the review of the Commission's working methods. The report is transmitted to the Commission in accordance with a request of the Statistical Commission at its thirty-fifth session.[a] The decisions of the Bureau on this matter are reflected in paragraph 17. The Commission may wish to comment on the report.

* E/CN.3/2005/1.

[a] *Official Records of the Economic and Social Council, 2004, Supplement No. 4* (E/2004/24), chap. V, para. 15 (b).

04-66085 (E) 270105

Report of the Bureau of the Statistical Commission on the review of working methods

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I. Description of the process of reviewing the working methods

1. In its resolution 2003/6, the Economic and Social Council decided to take the necessary steps to implement the provisions of paragraph 46 of General Assembly resolution 57/270 B, in which the Assembly had requested each functional commission to examine its methods of work in order to better pursue the implementation of the outcomes of the major United Nations conferences and summits. The functional commissions were mandated to report to the Council no later than 2005 on the outcome of that examination.

2. At its thirty-fifth session, in 2004, the Commission asked its Bureau, with the assistance of the United Nations Statistics Division, to conduct such an examination and to report back to the Commission. It encouraged the Bureau to reach out to all members for input.[1]

3. As a consequence, the Chair of the Statistical Commission wrote a letter to all 77 country delegations who had participated in the thirty-fifth session of the Commission either as full members of the Commission or as observers to invite their comments on improving the current working methods of the Commission. The invitation to comment was also extended through the Secretariat to the international organizations of the Committee for the Coordination of Statistical Activities (CCSA), which usually participate in Commission sessions as observers. A total of 19 replies were received, almost without exception directly from — or in the name of — the chief statisticians of the respective member countries. The Bureau reviewed the replies and, with the assistance of the Secretariat, prepared the present report.

II. Reaffirmation of the leadership role of the Statistical Commission

4. The review of the working methods of the Statistical Commission was considered by many members and observer countries as a welcome opportunity to express their support for the Commission and to reaffirm its unique leadership role in the development of the global system of official statistics. The Commission is the only universal forum in which chief statisticians from all countries can participate in the process of approving international statistical standards and harmonizing statistical practices, classifications and frameworks. Without a strong Commission, regional solutions or those of subgroups of like-minded countries will emerge, neither of which are globally optimal.

5. The unique position of the Commission needs to be explained and promoted within the international community: it is the premier forum for strengthening statistics globally. This includes ensuring coherence and standards across statistical work undertaken within the United Nations, thus strengthening the ability of statistics to play a central role for the United Nations development strategies as expressed by the outcomes of the conferences and summits. The terms of reference of the Statistical Commission were last reviewed in 1971 (see annex). Some members felt that a reassessment of the terms of reference might be useful at this point in time. On the other hand, others felt that the current terms of reference are still broad enough to cover the current activities of the Commission.

III. Summary of suggestions made to improve working methods

A. Agenda content and structure

6. Most delegations expressed concern regarding the number of agenda items and documents to be considered by the Commission, and advocated for some form of prioritization or selection, such as (a) to remove non-contentious items — as determined by prior consultations with the delegations — and to focus on selected controversial issues, (b) to eliminate information items from the debate and reflect the relevant information in room documents, and (c) to let the Statistical Commission fulfil its parliamentary function quickly by adopting recommendations prepared by expert bodies without further debate. The current structure by subject matter is regarded to be responsible for a strong sense of repetitiveness from one year to another. Clustering and segmentation have been suggested as possible alternatives, distinguishing for instance between "decision", "discussion" and "information items", or between "formal business" and "emerging issues".

7. Seminar-type discussions were suggested, which would allow a more in-depth exchange on topics that command a wide interest among chief statisticians[2] (e.g., on population censuses, statistical organization, technical assistance, measuring the outputs of the informal sector, measurement of poverty, household survey capacity). It is important to retain a balance between issues relevant to the developed and the developing countries. Engaging member countries in the organization of such debates would ensure relevance and country focus and at the same time reduce the burden on the Secretariat.

B. Time management

8. Many delegations stressed the need for better time management. The allocation of time needs to be carefully planned by the Bureau according to the importance of the items discussed. The Chair needs to strictly implement the time plan, enforcing time limits for floor interventions, if necessary. A differential treatment between countries and international organizations in the time allocation was proposed. Introductory comments should be very brief and focus on relevant additional material that has been developed since the official submission of documentation, as well as on identifying key issues for discussion and decision. The reading of prepared statements (especially about activities in a particular country/organization) should not be allowed.

C. Documentation

9. Documentation could be improved — and reduced — by focusing on the key statistical issues regarding the subject matter area to be discussed. Each document should have an executive summary and be very specific on stating the action expected of the Commission. In general, the United Nations Statistics Division is strongly encouraged to exercise quality control for all documents submitted for the session. The importance of timely submission of official documents was also stressed to allow sufficient time for translation. Since the amount of information/room documents is increasing and is largely made available in English

only, it is important to also make these room documents available in time, i.e., at the latest on the first day of the session, to give non-English speaking delegations sufficient time to review them. The need for streamlining the reporting of city groups was emphasized.

D. Preparation of session report

10. The preparation of the session report is considered an important area in which improvements are needed, as it has proven difficult in recent years to agree on a draft text at the session. Practical proposals made range from a request for daily session reports to a suggestion for a formal process of adopting the report in writing within a three-week period after the conclusion of the session. One delegation pointed out that too much effort might be put into reaching a consensus position. Rather, if there are significant diverging views, they should be recognized as such in the report.

11. An important precondition for the successful preparation of the report is that a clear summary be presented at the conclusion of each agenda item. While many consider the Chair to be the main person responsible for that summary, he or she will need strong support from the Director and senior staff of the United Nations Statistics Division in this task.

E. Participation in the session

12. Various delegations considered it desirable to increase the number of developing countries who are represented at the Commission session by their chief statistician. Greater participation of statistical experts from the capitals of developing countries would be expected to ensure a balanced review of the substantive agenda items, taking into account the current statistical situation and needs in developing countries. It would also contribute to improving the quality of the discussion of statistical capacity-building, which is an annual agenda item of the Commission.[3] As funding constraints hinder the participation of experts from developing countries in international meetings, the Secretariat is encouraged to assist countries who wish to participate in finding the necessary resources.

13. In order to enable new delegates to fully and effectively participate in the proceedings of the session, it may be helpful to offer some support. This could take the form of a briefing by the Secretariat on Commission procedures targeted especially at new Commission members, offered on the day prior to the start of the session. In addition, supporting documentation, with relevant information for first-time participants, could be prepared and disseminated in advance.

F. Politicization

14. Several respondents voiced concern about the perceived increasing politicization of the Commission. There is a strong shared professional belief that the Commission can function best when focusing on its area of technical expertise, i.e., the development of statistical systems at the national and global levels. It is crucial to preserve the personal engagement of chief statisticians, who represent the

national statistical expertise that is indispensable for the improvement of statistical systems worldwide. Therefore, statements of a political nature are to be avoided in the Commission. In particular, it is proposed that the Chair not allow prepared statements on behalf of a group of countries. While countries are free to coordinate their positions on items on the agenda, the coordination process needs to take place entirely outside the sessions of the Commission. The Bureau, with the assistance of the Secretariat, is encouraged to anticipate potential political issues and should prepare for their resolution. It is essential that the Bureau in general and the Chair in particular be well supported by the Secretariat with respect to formal United Nations rules and procedures.

G. Relation with the Council and other functional commissions

15. It is important for the statistical community to maintain an effective dialogue with the Council and other functional commissions. In order to focus its own work, the Commission is looking to the Council to recognize the capability constraints of the statistical systems in many countries and to recognize the resulting need to establish policy priorities. Furthermore, a clear statement from a functional commission of its statistical needs, in particular before and after major United Nations events, would be a powerful influence on the work of the Commission.

16. While organizing an effective dialogue among intergovernmental bodies is always logistically challenging, various steps, such as shared documentation and meetings among the bureaux and secretariats, as well as shared sessions, need to be undertaken whenever possible and relevant. One specific proposal is to organize for the Bureau of the Commission on the Monday before the Commission session a one-hour briefing by representatives (or the secretariat) of other functional commissions on their statistical needs.

IV. Decisions

17. After reviewing the proposals made by various members of the Commission as summarized above, the Bureau decided to implement the following procedures for the thirty-sixth session of the Commission (the Commission will review the impact of these procedures when discussing the agenda for its thirty-seventh session and will decide on their future applicability:

(a) Introductory statements for each agenda item will be limited to a maximum of five minutes. Once an item has been introduced, a list of speakers will be established. If the list of registered speakers grows long in relation to the remaining time available for the agenda item, the Chair will impose time limits on floor interventions. Preference will be given to country representatives;

(b) A distinction between documents "for discussion" and "for information" will be made. There will be no introduction of information items. The Commission will be expected to take note of the information documents without further debate unless interventions are requested by one or more members;

(c) The Chair, assisted by the United Nations Statistics Division, will summarize the key conclusions after the debate of each agenda item. This summary

will form the basis for the session report; the objective remains to adopt the report on the last day of each session;

(d) The Statistics Division has agreed to organize a briefing for new Commission participants on the Monday before the start of the session;

(e) The Chair will not allow for the coordination of group positions to take place during regular session time;

(f) The Bureau will develop an agenda, including main topics, aiming to strike a balance between those topics that are of primary interest to developing countries and those that might be of more immediate relevance for developed countries. Alternative formats, such as seminar-style discussions, will be considered;

(g) The Bureau reaffirms that endorsing methodological recommendations is one of the most important functions of the Commission. However, the Bureau asks the Commission to refrain from reopening technical debates and to endorse technical recommendations prepared by expert groups unless a member country has strong and substantive objections;

(h) City group reports will be generally treated as information items unless there are any specific substantive or strategic issues to be discussed.

Notes

[1] See *Official Records of the Economic and Social Council, 2004, Supplement No. 4* (E/2004/24), chap. V, para. 15 (b).

[2] The Conference of European Statisticians provides a model for this type of debate.

[3] See *Official Records of the Economic and Social Council, 2004, Supplement No. 4* (E/2004/24), chap. V, para. 7 (g).

Annex

Note on the terms of reference of the Statistical Commission

1. On the basis of the recommendations of its nuclear session, the Statistical Commission was established and given terms of reference by the Economic and Social Council. The terms of reference as set forth in Economic and Social Council resolution 1566 (L) of 3 May 1971, reaffirming its resolution 8 (I) of 16 February 1946, as amended by resolution 8 (II) of 21 June 1946, state that the Commission shall assist the Council:

> "(a) In promoting the development of national statistics and the improvement of their comparability;
>
> "(b) In the coordination of the statistical work of specialized agencies;
>
> "(c) In the development of the central statistical services of the Secretariat;
>
> "(d) In advising the organs of the United Nations on general questions relating to the collection, analysis and dissemination of statistical information;
>
> "(e) In promoting the improvement of statistics and statistical methods generally."

2. In its resolution 1566 (L), the Council stressed the importance of the Commission's coordination function and the need to achieve an integrated system in the collection, processing and dissemination of international statistics; recognized the interest of the Statistical Commission and the United Nations Statistics Division in matters related to the use of computers in the United Nations system; and requested the Secretary-General to undertake, in cooperation with the specialized agencies, concerted action to assist the developing countries in strengthening their statistical systems.

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Item 4 (a) of the provisional agenda*
Economic statistics: programme review: energy statistics

Report of the programme reviewer (Statistics Norway) on energy statistics

Note by the Secretary-General

In accordance with a request of the Statistical Commission at its thirty-fifth session,[a] the Secretary-General has the honour to transmit to the Commission the report of Statistics Norway on energy statistics. The Commission is requested to review the work undertaken in energy statistics and consider the conclusions and recommendations that are summarized in paragraph 101 of the report.

* E/CN.3/2005/1.
[a] *Official Records of the Economic and Social Council, 2004, Supplement No. 4* (E/2004/24), chap. I.A.

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Report of Statistics Norway on energy statistics

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I. Introduction: the need for high-quality energy statistics

1. Detailed, complete, timely and reliable statistics are essential to monitor the energy situation at the country and international levels. Energy statistics on supply, trade, stocks, transformation and demand are the basis for any sound energy policy decisions. Without energy, economic activity would be limited and restrained. Modern society uses increasingly more energy for industry, services, dwellings and transport. Meanwhile, energy consumption has started to increase significantly in developing countries, elevating world energy demand. This is particularly true for oil, which has become the most traded commodity, and economic growth is partly linked to its price.

2. In view of the role and importance of energy in world development, one would expect basic energy information to be readily available and reliable. This is not always the case and — strange as it may appear — it is precisely at a time when more and more energy is being produced, traded, transformed and consumed, when energy dependency is increasing and when greenhouse gas emissions are high on the international agenda that it has become increasingly difficult to provide a timely and reliable picture of the energy situation in many countries and therefore for the world.

3. Obtaining a clear view of the situation requires detailed and reliable data on the different steps of the production and consumption chain. This involves proper reporting mechanisms, sound verification procedures and adequate resources; in other words, it involves mature and sustained energy statistics. However, the liberalization of the energy market, budget cuts and the shortage of experienced staff have jeopardized the sustainability of some national statistics systems and the reliability of country statistics.

4. Regional and international organizations, which depend heavily on countries, face the same problems as national administrations. As a result, despite major efforts made by organizations to keep up the level of regional and international statistics there is a risk that the quality of energy statistics will decline if action is not taken quickly to reverse the current trends in resources and staffing.

5. The impact of the lower quality of energy data will be dramatic in many areas, especially as regards the oil market and the calculation of greenhouse gas emissions. Oil analysts estimate 0.5 million barrels per day (Mb/d) as the statistical variation that they can accept in assessing the global oil market situation. With a daily production of 80 Mb/d, 0.5 Mb/d corresponds to a 0.7 per cent difference. This is a very difficult target to achieve, taking into account the need for timeliness and the number of players involved in the market and given the normal variation for other commodities, such as cement or cereals, for which statistical variations reach 5 to 10 per cent.

6. Basic energy data are also the cornerstone of calculations of emissions of greenhouse gases (GHGs) and air pollutants. Given that the Kyoto Protocol sets very precise goals for reductions in GHG emissions, the error margins of 3 per cent traditionally accepted by energy statisticians, as well as the growing statistical differences between total energy supply and demand, are no longer acceptable if countries are to be able to say with any degree of certainty that emissions have fallen or increased — and by how much — over a certain time period. Furthermore, the introduction of tradable quotas for GHG emissions in many countries will

require reliable estimates of emissions and therefore reliable energy data, since considerable sums of money will be involved.

7. Energy efficiency indicators, market penetration of a specific energy or fuel, comparison between fuels, energy security and dependency, econometric models for forecasting and planning future investments are just some examples of other needs in the area of reliable energy information.

8. Consequently, there are strong imperatives and incentives at the industry and national levels to improve the quality of underlying data. All these aspects, together with rising oil prices, booming energy demand and depleting reserves, justify giving increased attention to improving international statistics on energy.

9. However, before looking at ways and means to improve international statistics, one should have a better understanding of the current situation: who the main players are, how data are collected, processed and disseminated, what problems are encountered by the players and what new challenges are emerging from the evolution of the energy market. It is only when all these factors are known that solutions can be proposed and discussed. Therefore, the present report will first consider players and problems; then move on to the challenges; and finally propose a number of recommendations.

II. The current situation in international energy statistics

A. Major players and their mandates

10. There are three main groups of players, with different mandates as well as different geographic and energy coverage.

11. The first group deals with regional energy statistics. It includes:

- The Statistical Office of the European Communities (Eurostat), covering the 25 member countries of the European Union (EU), as well as applicant countries to the EU.
- The Latin American Energy Organization (OLADE), responsible for the 26 Latin American countries.
- The Asian Pacific Energy Research Center (APERC), with 19 Asia-Pacific Economic Cooperation (APEC) member economies.
- The Economic Commission for Europe (ECE), covering 53 European member countries and two countries from North America.
- Other organizations, such as the Association of Southeast Asian Nations (ASEAN) Center of Energy (ACE), the African Energy Commission (AFREC) and the Union économique et monétaire de l'Ouest Africain.

12. The second group of organizations focuses on the monitoring and/or reporting of specific energy/fuel markets. It includes:

- The Organization of Petroleum Exporting Countries (OPEC), which covers 11 member oil-exporting countries and focuses on the monitoring and reporting of oil and gas information.

- The Food and Agriculture Organization of the United Nations (FAO) which collects information on biomass from all United Nations member countries.
- The International Atomic Energy Agency (IAEA), focusing on information on nuclear energy from its member States.
- Other organizations, such as the European Electric Association or the African Petroleum Producers Association, which focus on a specific fuel for a specific region. Such organizations as Eurostocks focus on a particular flow for a particular fuel for a particular region (in this case oil stocks in selected European countries).

13. Only a few organizations have a broader international coverage driven by their mandate to provide a global world market perspective; the principal two are the United Nations Statistics Division and the International Energy Agency (IEA) of the Organization for Economic Cooperation and Development.

- The mandate of the United Nations Statistics Division is to seek world coverage. As such, the Division collects data from about 200 countries and territories via its annual questionnaire sent to United Nations member countries.
- The initial mandate of IEA was to monitor the oil situation in OECD member countries. However, since, on the one hand, the energy market is becoming more and more global, and, on the other hand, oil is being substituted by other fuels, the statistical coverage has increased to cover all fuels in more than 130 countries worldwide.
- A number of national administrations, including the United States Energy Information Administration, publish international statistics; there are also a few energy companies which publish energy statistics for one or several particular fuels for a particular region or the world, including British Petroleum (BP), which publishes an annual *Statistics Review of the World*, and the French Commissariat à l'energie atomique, which publishes an annual booklet on nuclear power plants in the world.

B. Activities

1. Data collection, treatment, dissemination and data flows

Data collection

14. For most of the international organizations mentioned above, the data-collection approach is similar. Initially, for each country there is a national entity (usually the ministry of energy or the national statistics office) collecting, processing and disseminating energy information to meet domestic reporting and monitoring requirements. This normally defines the base and foundation used by national administrations to meet international energy statistics reporting requirements.

15. To collect available statistics, each international organization sends its annual questionnaire(s) to its member countries and countries within its statistical mandate. The level of detail required by each organization depends on the mandate and focus of the organization.

16. An important factor in the success of these data-collection activities is therefore the ability and capacity of individual countries to provide the required information based on a given set of definitions and specified methodological approach. As discussed below, this ability and capacity has been eroded in some countries.

17. In order to reduce the burden passed on to countries, some organizations have decided to harmonize their questionnaires. IEA, Eurostat and ECE are sending only one joint questionnaire to all their member countries. The United Nations Statistics Division also relies on joint data collection instead of sending its own questionnaire to these countries. More recently, APERC has taken the initiative of harmonizing the annual APEC questionnaire with the joint IEA-Eurostat-ECE questionnaires. This not only reduces the reporting burden but also provides for increased consistency between international organizations in terms of energy statistics.

Data treatment

18. In each organization, the collected information undergoes a review and validation process in the course of which reported data is checked and cross-referenced. This can include reviewing previous years' trends in data, the internal consistencies of energy flows, the verification of implicit conversion efficiencies of energy processes etc.

19. In case of discrepancies, the country's reporting administration or focal point is contacted to investigate the issue or concern and seek clarification or revisions, if needed. In the case of gaps in the data, if the country's reporting agency declines to produce estimates, the organization may decide to produce estimates for the missing data.

20. It is important to realize that the extent of the review and validation process is directly dependent on available resources within each organization, at both the national and international levels.

Data dissemination

21. There is not a "one-size-fits-all" approach to data dissemination. Each organization develops its own dissemination strategy based on such factors as its mandates, objectives, reporting obligations and financial constraints. As the deciding factors will change in time, the dissemination strategy may also evolve accordingly.

22. As a general principle, organizations should not retain the information they collect; not only should they disseminate it but they should also add value to the raw data collected. As a consequence, basic data received from countries should be shown in table or spreadsheet format, aggregated at a regional or global level, as well as processed for comparison between fuels and countries; they should also be used for preparing a set of basic or more sophisticated indicators.

23. A few examples of how selected organizations disseminate their statistics are given below.

24. **Eurostat** issues comprehensive annual and monthly energy statistics on EU member countries both electronically (the *NEWCRONOS* database, for instance) and in hard copy (*Yearly Statistics* and *Energy Balance Sheets*). As regards its pricing

policy, Eurostat has recently decided to put all its data for free on Internet. **OLADE** also publishes its data electronically and on paper; its *Sistema de Información Económica Energética* (SIEE) is available on the Internet and on CD-Rom; OLADE also publishes several books and booklets such as *Energía en Cifras* (which can also be downloaded on the Internet). **APERC** publishes two main annual publications: *APEC Energy Statistics* and the *APEC Energy Handbook*; it also provides extensive annual, quarterly data and databases as well as more recently monthly oil data on its web site. **OPEC** publishes, in hard copy and on the Internet, its *Annual Statistical Bulletin* (ASB), which contains nearly 150 pages of tables, charts and graphs detailing the world's oil and gas reserves, crude oil and product output, exports, refining, tankers, plus economic and other data. OPEC also uses and disseminates oil statistics in its *Monthly Oil Market Report*.

25. **The United Nations Statistics Division** has two flagship publications: *Energy Balances and Electricity Profiles* and *Energy Statistics Yearbook*. The *Energy Statistics Yearbook* presents annual data for about 215 countries, regions and the world on production, trade and consumption of energy: solids, liquids, gaseous fuels and electricity. In addition, per capita consumption series are also provided for all energy products. The publication *Energy Balances and Electricity Profiles*, a biennial publication, includes energy balances for some 50 countries or areas and special electricity profiles for some 80 countries or areas. The Division also disseminates an energy statistics database, with energy time series from 1950, which is available on CD or electronic files. Monthly energy statistics are also collected and disseminated in the *Monthly Bulletin of Statistics*.

26. **IEA** publishes 10 annual and 2 quarterly publications, a statistics booklet and major electronic data services. The 10 publications include 4 that cover energy statistics and balances of OECD and non-OECD countries, 5 covering the five main fuels (oil, gas, coal, electricity and renewables) and the publication *CO_2 Emissions from Fuel Combustion*. The two quarterly publications are *Energy Prices and Taxes* and *Oil, Gas, Coal and Electricity, Quarterly Statistics*. The publications give detailed information on the energy situation (production, trade, stocks, transformation and consumption) for all fuels for over 130 countries, regions and the world. IEA also publishes monthly data on oil, natural gas and electricity. Most of the time series are available on electronic format, on both CD-Rom and the Internet.

Data flows

27. There are different types of data flows: flows from companies to national administrations, flows from countries to organizations and flows between organizations. The first type of flow is proper to each country, and is mostly managed by domestic statistics laws. The second flow deals with international data collection, and has been developed in a previous paragraph. The report will then focus on the third flow, which covers transfer of information through cooperation between organizations.

28. Although many players call for more cooperation on energy statistics, there are various reasons why the direct transfer of data and information between organizations is not always easy, e.g., ownership and confidentiality, differences in definitions, units, coverage, timeliness, data quality. Some of these issues will be discussed in chapter III.

29. However, as mentioned earlier, there are examples of successful cooperation. The collaboration between IEA, Eurostat and ECE and the agreement between IEA and the United Nations Statistics Division (for IEA to provide its database on OECD countries and for the United Nations Statistics Division to provide IEA with data on countries for which IEA does not collect data) have been mentioned earlier. More generally, there are gentlemen's agreements between organizations for giving access to each other's databases.

30. Increased cooperation can also be noted between countries and organizations. For example Denmark has integrated its international reporting requirements in its national energy statistics, which secures consistency between the two sets of energy statistics.

2. Methodological work

31. The energy market is a fast-evolving market. For example, 40 years ago, there was almost no electricity produced from nuclear energy; more recently the natural gas liquids (NGL) market has started to develop, and wind and solar energy have started to draw attention; tomorrow might see a fast development of biofuels and hydrogen. As a consequence, there is an obvious need for statistics and statisticians to follow, if not to anticipate, the fast evolution of the market, not to mention some structural changes in the market, such as liberalization and mergers. The Kyoto Protocol and the close links between energy and environment constitute another reason for organizations to adapt their questionnaires and methodology.

32. However, if most of the organizations actively work on revising definitions, questionnaires and methodology, there is a compromise to be found between too-frequent revisions (and the impact on national administrations) and no revisions at all (and the risk of losing track of the evolution of the markets).

33. For example, IEA, Eurostat and ECE have adopted a five-year period to review with their member countries the need to change their joint questionnaires. A recent meeting of the Energy Statistics Working Group (ESWG) presented the opportunity to the three organizations not only to assess and discuss a suite of proposed changes to the joint questionnaires but more importantly to discuss problems faced by international organizations, and statistical offices of individual countries, to identify best practice, and to find solutions. The United Nations Statistics Division, which uses the joint IEA-Eurostat-ECE data, also participated in the meeting.

34. Another important collective step towards better harmonization was the production of the *Energy Statistics Manual* by IEA and Eurostat. The manual was disseminated a few weeks before the ESWG meeting. This reference manual covers all aspects of energy statistics, focusing on the joint IEA-Eurostat-ECE questionnaires, and complements existing United Nations manuals, such as *Energy Statistics: A Manual for Developing Countries* (1998). It is clear that there is a deficit of energy statistics knowledge, experience and expertise, and as a consequence a strong need for reference manuals to speed up the learning curve of newcomers in the energy statistics field. This point will be further discussed in the following section.

3. Training and capacity-building

35. Various training activities are carried out by the organizations.

- **The United Nations Statistics Division** organizes two or three training workshops a year, in various areas of the world, to help responding countries tackle statistical and reporting issues. For instance, in 2004, one was held in Ethiopia for East African countries and one in Lebanon for West Asian countries.
- **APEC** organizes at least one workshop a year in Tokyo for its member economies; APEC also organizes a meeting of its member countries' statisticians once a year to review the overall energy statistics situation in the APEC region.
- **Eurostat** gathers the European Union heads of energy statistics at least once a year.
- **OLADE** also tries to gather its statisticians from all Latin American countries once a year.
- **IEA** organizes workshops for its member countries, as well as training sessions for key non-OECD countries and regional organizations. Over the last two years, IEA trained statisticians from China and India and from the African Energy Commission.
- There are other organizations — which do not necessarily collect statistics — that have training programmes on energy statistics. One of the best examples is the Institut de l'énergie et de l'environnement de la Francophonie (IEPF), which is very active in helping African countries to build energy information systems.

36. However, these efforts are very much limited by availability of resources. To help offset the erosion of the ability and capacity of individual countries to report the required information, there is a need for sustained training efforts to rebuild and increase the reporting expertise and capacity of member countries and organizations.

37. In building capacity, it is crucial to recognize that good quality statistics concern not only statisticians but also policy makers, who need to understand that improved statistics will better inform the policy decision process, and therefore minimize the risk of selecting the wrong policy instrument to meet domestic or international policy objectives. In other words, policy makers need to invest in good quality statistics, as it will better service their needs.

38. Capacity-building therefore encompasses two aspects: the building-up of adequate resources to handle the current and additional tasks passed to national and international organizations in charge of statistics (top-down approach), and the improvement of the expertise in these organizations (bottom-up approach).

39. The bottom-up approach deals mainly with improving the knowledge, experience and expertise of the statisticians in place. Compared to 20 or 30 years ago, the situation has dramatically changed. Statisticians no longer try to build a career in energy statistics. After a few years spent in statistics, young professionals are attracted to other areas of work, such as analysis and policy-making. This causes a growing gap in expertise and experience.

40. Proper manuals and frequent training sessions are essential for raising and maintaining the level of competence and interest in a statistician's career. However, as noted, a lack of resources in regional and international organizations does not allow these organizations to do more in these two important fields.

41. Training efforts need to be on a continued and sustained basis. It also needs to be complemented with appropriate guidelines and support to achieve a high-quality reporting objective. Current methodological reference documents are often outdated; this is, for instance, the case for the rare documents available, such as the three key documents published by the United Nations, namely, *Energy Statistics — A Manual for Developing Countries*, *Energy Statistics: Definitions, Units of Measure and Conversion Factors*, and *Concepts and Methods in Energy Statistics, with Special Reference to Energy Accounts and Balances — A Technical Report*, in 1991, 1986 and 1982, respectively. These manuals provide guidance for the elaboration of statistics of traditional energy sources. However, as the energy market has significantly evolved since their publication, they do not account for the treatment of new energy forms or new energy technologies that have penetrated or are penetrating the market.

42. Recent efforts, such as the joint IEA-Eurostat *Energy Statistics Manual* are helping to partially fill the gap. This reference manual can be seen as a first step towards a better understanding of what energy statistics of today are about. It also highlights the need for further work on the development and harmonization of concepts and methods. The 2004 ECE *United Nations Framework Classification for Energy and Mineral Resources* report is another example of recent contributions towards this harmonization, in that particular case in giving a universally applicable scheme for classifying and evaluating energy and mineral reserves.

43. There are other activities, including establishing think-tanks and supporting pilot surveys, related to building reporting capacity in a specific field; this was for instance the approach taken by Eurostat when it launched the new questionnaires on combined heat and power and on renewables.

44. The top-down approach raises the profile of energy statistics at the highest levels in highlighting the importance of energy statistics on any sound energy policy measures (see paras. 1-9 above) and the risks impact of poor quality statistics on energy policy.

45. Energy statistics were high on the agenda of the 9th International Energy Forum, which took place in May 2004 in Amsterdam. Seventy Ministers from producing and consuming countries commended the work done by six organizations, namely, APEC, Eurostat, IEA, OLADE, OPEC and the United Nations Statistics Division, in improving global transparency on the oil market. More recently, in October 2004, the G7 Ministers asked the organizations to strengthen their effort towards greater transparency. How to translate this call into proper resources at both the country and organization levels is a difficult question for all organizations to consider.

46. The answer is in the hands of each organization. For instance, IAEA took the opportunity to raise issues related to statistics at its Governing Board meeting of October 2004. It is interesting that Governing Board members shared the concern of IEA and requested IEA to keep them informed on major problems with their own countries.

47. To summarize the current situation on international energy statistics, regional and international organizations are heavily dependent upon statistics from their member countries. However, liberalization and confidentiality, as well as lack of resources and expertise lead to issues in national statistics, and as a consequence in international statistics. The situation is far from being alarmist and is certainly better than in most fields of statistics. Nevertheless, since energy is so important in many respects, such as oil prices and environment, energy statistics must keep the level of quality they always had; in fact, recent developments, such as the Kyoto Protocol, impose further improvement in the quality, coverage and timeliness of the energy statistics.

III. Problems

A. Difficulties in data collection

48. As mentioned earlier, an important factor for successful energy statistics is the ability and capacity of individual countries to provide the required information. However, this ability and capacity has eroded in a number of countries for several reasons, which are developed in the next paragraphs.

1. Insufficient resources

49. When responding countries no longer dispose of sufficient resources for their domestic energy statistics requirements, a first level of potential distortion is created. This inevitably adds pressure to the review and validation process at the international organizations level. Similarly, when international organizations are also faced with insufficient resources, it has a significant impact on their ability and capacity to properly process countries' collected information, and jeopardizes the organization's ability to keep its energy data-collecting activities in line with a continuously evolving energy market.

50. A recent survey conducted about the situation in OECD countries shows that, in many countries, statistics offices have experienced a major reduction of their resources over the last 5 to 10 years. In some cases resources were reported to have been cut by more than half.

51. This reduction in resources also affects international organizations. For example, the United Nations Statistics Division suffered a 20 per cent reduction of the staff allocated to energy statistics during the last decade. The situation is similar in several regional organizations such as OLADE and ACE.

52. Another point of pressure on existing resources is the additional data requirements that have been, and continue to be passed to energy statistics offices over the years, without an increase in resources. They include a large spectrum of information ranging from statistics on renewables to indicators of energy efficiency and data on greenhouse gases emissions. These data are essential to targeting environmental and effective energy policies at the sector level — where they are most effective, and are necessary for the monitoring and reassessment of implemented policies.

53. As statistics are often perceived to have a low profile, it has a limited appeal to young professionals and attracts few champions. The impact of lack of resources is

therefore not only limited to the quantity of the human resources but also to the quality of these resources.

2. An evolving market

54. The liberalization of energy markets brings new challenges to energy statistics. Firstly, the multiplication of market interveners: where statisticians in the past could get detailed information on one fuel (gas or electricity) from one national utility, they now have to survey tens, if not hundreds, of companies to have a comprehensive view of a sector. Secondly, market regulations generally lead to confidentiality issues, which add to the difficulty of collecting basic information where there are few players.

55. In most countries, the legal framework for collecting statistics has not evolved to meet the new challenges inherent in energy market liberalization. Therefore, with the same level, or even fewer resources than in the past, and with statistics laws often no longer adapted to the new environment, statisticians have increasing difficulty in collecting all the necessary information on a particular sector. The consequence is more estimates and more missing data as well as longer delays in obtaining the data, and therefore a loss of information, quality and timeliness.

56. It should be noted here that organizations, such as Eurostat, are currently working on a new legal framework, adapted to a more liberalized energy market, for their member countries,. However, not all organizations have that option available to them.

B. Duplication

57. There are two issues associated with the duplication of work: harmonization in the questionnaires so that a country will have to fill out one single questionnaire and forward it to all the organizations it is a member of; and an agreement between organizations to split the processing work of the statistics of common member countries and to give free access and use to each other's data and database.

58. As can be seen in section C below, there are many methodological and definitional differences between some organizations. This will make it difficult to attain full harmonization of the questionnaires. One potential solution to this issue would be to create electronic interfaces between questionnaires, allowing a country to fill the less detailed questionnaires out of the most detailed one.

59. The division of work among organizations also implies comparable definitions and methodologies. Moreover, it also implies a shared level of confidence in the work of each other's organizations. Last but not least, such a division should not lead to any deterioration of the contacts between organizations and their member countries.

60. Despite all these conditions and as mentioned earlier, there are already good examples of cooperation among organizations to avoid duplication of work both for countries and organizations (agreement between the United Nations Statistics Division and IE. on OECD data, between the United Nations Statistics Division and OLADE on Latin American and Caribbean countries and between ECE and IEA on non-OECD ECE countries; other efforts to avoid duplication have been initiated).

C. Methodological and definitional differences

61. International energy statistics are faced with the challenge of multiple data sources, definitions, units and methodological approaches for the collection and processing of the data.

62. **Multiple data sources**. Organizations do not always have the same official contacts in countries. Some organizations rely on national statistics offices, others on energy ministries. In certain cases the data submitted by different national sources are not identical. Some organizations rely on published sources, others on questionnaires sent by official contacts.

63. **Definitions**. Since organizations have different interests and mandates, the definitions of flows and products might differ from organization to organization. A good example of such differences deals with the definition of crude oil production. Everybody knows what crude oil is, and what production means; except that when APEC, Eurostat, IEA, OLADE, OPEC and the United Nations Statistics Division tried to harmonize their definitions of this simple product and flow, they were unable to find a definition agreeable to all parties despite extensive communication on the subject. That was because crude oil, for instance, includes natural gas liquids (NGLs) for some organizations but not for others, and because production is not measured at the same point for all the organizations.

64. **Units**. Physical flows are collected in different units; to go back to the example of crude oil production, some organizations collect the flow in volume, others in mass. Moreover, the units of volume and mass differ from one organization to the other.

Conversion factors and calorific values. To pass from one unit to another, countries and organizations use a set of conversion factors and calorific values. However, these factors and values vary from country to country and organization to organization.

65. **Methodological approaches**. Each organization has its own convention when building commodity balances and energy balances. For instance, some organizations continue to use the partial substitution methodology when building their energy balances while others have adopted the physical energy content methodology. This leads, for instance, to major differences in the share of hydroelectricity in total primary energy supply.

66. Important harmonization and integration efforts will be required in the coming years to mitigate some of these definitional and methodological differences between energy statistics of the various organizations involved. As mentioned earlier, this will also include important efforts to achieve comparable data quality, data coverage and timeliness across organizations.

IV. New challenges

67. Recognizing that energy is a crucial element to economic development, it already defines the need for good quality energy data. However, as defined in the introduction, this is a time when there are strong pressure points between energy production, trade, transformation, and consumption. The world is faced with disequilibrium between energy supply and demand, increased energy

interdependence, and continuously increasing environmental concerns. These concerns and issues not only emphasize the requirement for increased data quality and level of detail, they also add tremendous pressure on timeliness. Section A below includes two examples of challenges that are high on the political agenda, one on the oil market and the other on the Kyoto Protocol. They highlight the various aspects of timeliness, quality and coverage, as well as the importance of international cooperation in meeting these challenges.

68. The spectrum of new information requirements, and therefore of as many challenges to statisticians, ranges from statistics on renewables, indicators of energy efficiency, energy security, monitoring of emerging energy flows, to greenhouse gases emissions, highlighted in section B.

A. Two examples of increased requirements for quality and timeliness

1. The example of the oil market

69. Speculators and oil market analysts blamed the lack of transparent oil statistics at the end of the 1990s when the volatility in oil prices was high. Whether this was a truthful claim or not remains a question; however, the example can be used to highlight the importance of reliable and timely data to monitor the oil market.

70. As oil is the most traded commodity, analysts always seek more coverage, more timely and more accurate data. For example, in the introduction, 0.7 per cent was mentioned as the level of precision requested for oil supply, demand and stock data.

71. As a response to the lack of oil data transparency at the end of the 1990s, energy statisticians of APEC, EUROSTAT, IEA, OLADE, OPEC and the United Nations Statistics Division embarked on an initiative to assess the monthly oil reporting capability of their member countries. They designed a small monthly oil data report, known as the Joint Oil Data Initiative (JODI) and asked member countries to complete it for the last two months. JODI has been extremely successful as the number of participating countries increased rapidly from 53 to more than 90 countries today, with the major producing and consuming countries covering almost 95 per cent of the oil market. Moreover, through the JODI, high political levels were reached: for instance, JODI was commended by many Ministers at several meetings, e.g., the 9th International Energy Forum, the G7 Finance Ministers, and others.

72. The JODI can therefore be considered as an exemplary project in terms of meeting the needs for better quality data, greater coverage and more timely oil data, as well as an excellent illustration of what can be achieved thanks to the cooperation among international organizations.

2. The example of greenhouse gas emissions

73. The Kyoto Protocol, which will be in place on 16 February 2005, set specific targets for greenhouse gases emissions reductions, which are largely associated with fossil fuel combustion. This raises an important aspect, which is the accurate reporting and monitoring of greenhouse gases emissions vis-à-vis emissions-reduction targets, and the emergence of an emissions permit trading system.

74. In the interim, the policy-making community has an immediate need for the best possible information for the rapid development of most effective domestic and international mitigation strategies. It is crucial to recognize the importance of high-quality statistics to best inform the policy-decision process, and therefore minimize the risk of selecting the wrong policy instrument to meet domestic or international policy objectives.

75. Moreover, cooperation between organizations and the Intergovernmental Panel on Climate Change (IPCC) as well as with the United Nations Framework Convention on Climate Change is essential in making sure that there is full harmonization in the definitions of products and flows as well as in the coverage of energy statistics, which constitute a large part of the statistics needed to estimate and calculate emission inventories of participating countries.

B. Other challenges

76. As noted earlier, the current trend of energy market liberalization brings new challenges to energy statistics. Energy statistics face the multiplication of market interveners, where national electric and gas utilities are now often competing with tens, if not hundreds, of companies. This not only adds to the complexity of data collection in terms of the increasing number of respondents, but also in terms of confidentiality concerns raised by respondents.

77. In the inverse situation of market concentration (mergers), confidentiality then becomes an issue of too few players. In most countries, the legal framework for collecting statistics has not evolved to meet the new challenges inherent to energy market liberalization.

78. The world energy market is also evolving rapidly in terms of energy suppliers and consumers. Strong growth has occurred in the developing economies, where data quality tends to be lower, and with a lower level of details. Raising the level of statistics in these new merging consumers and producers is another challenge passed to regional and international organizations.

79. The combination of market liberalization and strong growth in developing economies has contributed to a dramatic growth in energy trades. Energy imports and exports are increasingly more difficult to monitor, owing not only to the increase in volume, but also to trade practice phenomena, such as in-transit energy flows, increased swapping and rerouting.

80. Driven by a mix of policy objectives (e.g., environmental, economic, energy diversification), energy statistics of non-conventional energy markets will need to be further developed. This is particularly true of renewables, which are often targeted by the policy-making community as providing key mitigation opportunities. However, it is an energy market segment where significant data gaps, definitions discrepancies, and coverage deficiencies were observed. This not only applies to new renewables, such as wind and solar, but traditional ones such as biomass.

81. Biomass, which represents more than 10 per cent of the total primary energy supply in the world, is one of the most difficult fuels to monitor in terms of supply and demand. Particularly in the least developed countries, the biomass could provide up to 90 per cent of household energy consumption. There are obvious reasons for that: the use of fuel wood is remote and most of the wood is not

commercialized but collected for personal use. For environmental reasons (contribution to deforestation and desertification) and because of the possible need of fuel substitution, there is a challenge passed to statisticians to have a more precise picture of the biomass supply-demand chain not only at the world, regional and country levels, but often the local level since biomass remains a purely local market.

82. Another challenge to statistics deals with the collection of detailed data to assess energy efficiency policies: as a way to improve economic performance, and as a mitigation instrument for greenhouse gases emissions reduction, policy makers embark on energy efficiency programmes. This entails collecting very detailed data on specific end-uses (domestic hot water, for instance) as well as sound socio-economic data, which are needed to explain and understand the driving forces to changes in the energy market.

83. There are prerequisites to meeting these new challenges. The prerequisites, which will be further developed in the next section, include:

- Reassessment of the resources needed to meet the workload and objectives
- A better integration of the energy statistics community with the energy policy community
- Adapting the legal framework of energy statistics to the energy market situation
- Capacity-building and capacity to retain expertise
- Increased harmonization and integration of energy statistics activities.

V. Recommendations

84. There are three types of recommendations that should be made to the parties involved in energy statistics. The first type of recommendation applies to national administrations. As highlighted in the report, countries are the basis of all statistics published by international organizations; without sound country data, there are no sound international statistics. The second type deals with international organizations; in fact, some of these recommendations, such as the need for proper resources, are similar to those of the first type. The third type concerns the need for more international cooperation in order to reduce the burden of both countries and organizations, as well as to improve the overall quality, coverage and timeliness of international statistics.

A. National administrations

85. **Place and role of energy statistics and statisticians**. A dialogue between energy policy makers and statisticians should be ensured in countries. Policy makers need to be fully aware of the constraints and problems encountered by statisticians, and statisticians need to better understand the importance of the data they collect, process, and disseminate and be able to better recognize the policy relevance of information they process.

86. **Proper resources are essential**. There is an urgent need to reassess the current level of resources and to readjust, when needed, the balance between workload and resources. It is obvious that a major part of the problems in national statistics lies in the lack of resources.

87. **Adaptation of the legal framework**. There is also the need to adapt statistics to the new energy environment (liberalization, mergers, rapid development of trade, etc.). This includes modification of the legal framework for collecting statistics, closer cooperation with the energy industry, surveys that are more consistent with the needs of data users, etc.

88. **Expertise and experience**. Strengthening the expertise and experience of energy statisticians, and rebuilding corporate memory are also key priorities. This involves the preparation and update of reference documents on energy statistics. It also includes more frequent training of newcomers in national administrations.

89. **Attracting and retaining proper staff**. Other initiatives should be considered for raising the level of expertise and interest in the job, and therefore for raising the profile of statistics, a necessary condition for attracting and retaining highly motivated professionals.

B. Regional and international organizations

90. The recommendations to national administrations regarding the place and role of statistics and statisticians (see above), the proper level of resources, expertise and experience as well as attracting and retaining proper staff also apply to organizations. It is increasingly becoming obvious that the work in several organizations suffers from a lack of staff, and from a lack of experienced staff. As noted in the report, some of the additional requirements passed to statistics. It is difficult, even with increasing productivity, to have current statistics structures sustain the level and quality of statistics demanded at a time when the market needs more and better data.

91. International organizations have a major role to play in raising the awareness of national policy makers to the impact of lower data quality on national and international commitments. They should be the engine and the catalyst in motivating their member countries, in convincing policy makers to allocate proper resources to their national administrations, in helping the administrations in building up their statistics capacity, in adding value to countries' data, in promoting the image of regional and international statistics.

92. The time when energy statisticians were only doing number crunching should be over. Organizations are an ideal forum for statisticians to meet, discuss issues and solutions, exchange experience and best practices, etc. Some countries have already successfully integrated statistics in their policy-making process; it is the role of organizations to create interaction and synergy between their member countries.

93. To facilitate and improve data reporting, this report has already identified a few areas of work for the organizations; they include energy statistics manuals and reference documents for a better understanding of definitions, units and methodology, workshops and training sessions, more user-friendly questionnaires, closer communication, better dissemination, etc.

94. Harmonization of definitions, units and methodology leading to potential unified questionnaires should also be high on the agenda of organizations. However, as noted in previous paragraphs, this is not an obvious matter, and requires a strengthening of cooperation between organizations on international statistics.

C. Cooperation between organizations

95. Increasing cooperation between countries and organizations, harmonizing definitions, methodology and reporting between international organizations are essential to facilitating the exchange of information and reducing the international reporting burden passed to countries. This should constitute a priority for all organizations.

96. However, there are many obstacles towards this global harmonization: each organization has its own priorities and its own focus which lead to specific definitions, coverage and methodology; the quality and timeliness of the data vary widely from organization to organization; some data are confidential or sensitive.

97. Nevertheless, international cooperation is the only way to go. The Joint Oil Data Initiative has paved the way for more cooperation; this initiative, commended by many, is undoubtedly the best example of successful cooperation between 6 major organizations, more than 90 countries, as well as several key oil companies. Major progress can be achieved only by associating the three main groups of players in statistics: industry, countries and organizations.

98. **The main recommendation to be made to organizations is, therefore, that they work together as closely as possible on harmonizing definitions, units and methodology. After this necessary phase of harmonization, organizations should then start moving towards one harmonized questionnaire.** There are already several examples of joint questionnaires, and it is hoped that more will be seen in the near future.

99. Other recommendations deal with a **sharing of the processing of the countries' questionnaires between organizations (this supposes, however, a comparable level of expertise), increased transfers of data among organizations, joint manuals and reference books on statistics, common training sessions.** Several of these recommendations have already been implemented on a small scale. There is a need now to generalize and globalize these initiatives.

100. Using this report as a base, the last recommendation would be to **ask all the main organizations involved in regional and international statistics to establish a forum as soon as possible with the mandate to strengthen international cooperation. This forum should draw up as a first step a roadmap for the implementation of these recommendations and present it to the Statistical Commission in 2006.**

D. Summary of conclusions and recommendations

101. Regional and international organizations are heavily dependent upon statistics from their member countries. Liberalization and confidentiality, as well as lack of resources and expertise lead to issues both in national and international energy

statistics. Since energy is so important in many respects, such as oil prices and environment, energy statistics must keep the level of quality they always had; in fact recent developments, such as the Kyoto Protocol, impose further improvement in the quality, coverage and timeliness of energy statistics.

In order to meet these challenges, the following recommendations are made:

(a) Reassessment of the resources needed to meet increased workload and objectives;

(b) Better integration of the energy statistics community with the energy policy community;

(c) Adapting the legal framework of energy statistics to the energy market situation;

(d) Capacity-building and capacity to retain the expertise;

(e) Increased harmonization and integration of energy statistics activities of the international/regional organizations, such as:

(i) Revision and updating of the reference methodological handbooks and user manuals;

(ii) Development of methodologies to monitor new energy and fuel types, non-conventional energy markets and emerging energy flows;

(iii) Harmonization of concepts, definitions and methods used by the organizations in data collection and treatment;

(iv) Further harmonization and improvement of questionnaires with a view to developing interfaces between the more and less detailed ones;

(v) Clear agreements on sharing the work in data collection and treatment;

(vi) Clear agreements on data sharing;

(vii) Joint intensified efforts in training and capacity-building;

(f) The main organizations involved in regional and international statistics establish a forum as soon as possible with the mandate to strengthen international cooperation. This forum should draw up as a first step a roadmap for the implementation of these recommendations and present it to the Statistical Commission in 2006.

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Report of the Intersecretariat Working Group on National Accounts

Note by the Secretary-General

In accordance with a request of the Statistical Commission at its thirty-fifth session,** the Secretary-General has the honour to transmit to the Statistical Commission the report of the Intersecretariat Working Group on National Accounts. The Commission is requested to comment on the points for discussion included in paragraph 39 of the present report.

* E/CN.3/2005/1.

** See *Official Records of the Economic and Social Council, 2004, Supplement No. 4* (E/2004/24), chap. I.A.

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Report of the Intersecretariat Working Group on National Accounts

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I. Introduction

1. At its thirty-fifth session, the Statistical Commission:

(a) Reconfirmed the importance of the updating of the *System of National Accounts, 1993* (1993 SNA), expressed general support for the detailed work programme and timetable and noted the adequateness of the governance structure and the decision-making mechanism;

(b) Reiterated that the revision process should build upon the fundamental conceptual basis of the 1993 SNA; and reconfirmed the eligibility criteria for issues to be updated and the limited scope of the update;

(c) Also reiterated the need for maintaining consistency with the ongoing revisions of the Balance of Payments Manual and other relevant frameworks in the area of public sector accounting, and the importance of seeking, to the extent possible, coherence with business accounting standards; and it noted with satisfaction the steps already taken to this end;

(d) Expressed satisfaction with the progress achieved during the first meeting of the Advisory Expert Group on National Accounts;

(e) Emphasized the need for transparency and the broadest possible involvement of the global statistical community in the updating process; suggested that consideration be given to using electronically circulated questionnaires as a tool for recording opinions on each issue by all member States; and also suggested strengthening the consultation process through additional regional workshops with the participation of developing and transition countries for which appropriate funding should be reserved;

(f) Also emphasized the need to secure adequate funding of the updating programme; welcomed the expression by member countries of explicit commitments to providing financial contribution and human resources to assist in the updating process; and encouraged additional funding support to supplement the resources already committed by the international agencies;

(g) Noted with appreciation the progress in respect of the scope of implementation of the 1993 SNA and the increase in the number of countries that conceptually complied with its recommendations, but called for further technical support to those countries that were not yet in a position to adopt the 1993 SNA;

(h) Suggested further research into the underlying factors that impeded the 1993 SNA implementation as input into the updating process; requested the United Nations Statistics Division in collaboration with regional offices to draft an action plan and seek funding support for its implementation; and noted that the secretariat of the Steering Committee of the Partnership in Statistics for Development in the Twenty-first Century (PARIS 21) had offered assistance for developing such a plan.

2. Section II below provides a progress report on work completed in the updating of the 1993 SNA. Section III presents the report on the 1993 SNA implementation. Section IV addresses the request of the Commission at its thirty-fifth session for the preparation of an assessment of the impeding factors of the implementation of the 1993 SNA in developing countries. Points for discussion are included in paragraph 39.

II. Progress report on work completed in the updating of the 1993 SNA

A. Meetings of the Advisory Expert Group on National Accounts and other activities

3. Over the last 12 months considerable progress has been made with the update of the 1993 SNA in a worldwide consultative process:

(a) Two meetings of the Advisory Expert Group on National Accounts have been organized in 2004;

(b) The Advisory Expert Group on National Accounts has advised the Intersecretariat Working Group on National Accounts to accept the recommendations on the update of a number of issues. Those issues were subsequently submitted for country consultations, the responses to which have been posted on the 1993 SNA update web site;

(c) Progress on the resolution of the 44 issues is proceeding according to schedule.

4. From the very beginning of the updating process, the Intersecretariat Working Group on National Accounts has sought to make the whole process as transparent as possible and to involve as many interested parties as possible in the update. Articles have been published in the periodical *SNA News and Notes* and Working Group members have given numerous presentations at conferences and seminars to provide information on the update.

5. Probably the most important single development to further transparency and to promote involvement has been the creation of a web site, maintained by the United Nations Statistics Division (http://unstats.un.org/unsd/nationalaccount/snarev1.htm). This web site displays:

(a) The work programme approved by the Statistical Commission in March 2004;

(b) The list of issues to be considered in the update, with short descriptions of each issue and an indication of when they are expected to be considered by the Advisory Expert Group on National Accounts;

(c) Issue papers already considered by the Advisory Expert Group on National Accounts, together with the decisions of the Advisory Expert Group on National Accounts and comments made by experts, national statistical offices and central banks;

(d) Issue papers approved by the Intersecretariat Working Group on National Accounts and awaiting discussion at a future Advisory Expert Group on National Accounts meeting;

(e) Minutes of the first Advisory Expert Group on National Accounts meeting, held in February 2004;

(f) Comments of national statistical offices, central banks and national accounts experts on the recommendations of the Advisory Expert Group on National Accounts;

(g) Minutes of the Intersecretariat Working Group on National Accounts meetings;

(h) Links to web sites on the updating of the balance-of-payments managed by the International Monetary Fund (IMF) Committee on Balance of Payments (BoP) Statistics and the government accounts statistics managed by the Task Force for the Harmonisation of Public Sector Accounts.

B. Progress with issues

6. At its first meeting in February 2004, the Advisory Expert Group on National Accounts reached agreement on an initial list of candidate issues to be considered for the update, including balance-of-payments and public finance issues, which, after some consolidation, amount to 44. Also, the Advisory Expert Group on National Accounts considered a number of issues:

(a) Taxes on holding gains — approved the recommendation that there should be no change to the SNA;

(b) Military weapon systems as fixed assets — accepted all the recommendations from the issues paper, the principal one being to recognize expenditure on military weapons systems as fixed capital formation but separate accounts for military and non-military capital formation;

(c) Employer retirement pension schemes — further work needed;

(d) Employee stock options — approved the four recommendations made in the issue paper, the principal one being to recognize employee stock options as compensation of employees;

(e) Costs of ownership transfer on non-financial assets — approved the two recommendations made, namely, (i) to continue to record costs of ownership transfer as fixed capital formation, and (ii) that they should be written off over the expected period of ownership (rather than over the life of the asset);

(f) Measurement of the production of non-life insurance — accepted the major proposal to replace the current formula used to estimate the production of insurance services with one using adjusted claims and adjusted premium supplements, to reflect the expected rather than actual values, and it also accepted the simple cost plus operating surplus alternative;

(g) Provisional recommendations on the measurement of the production of (non-insurance) financial services — further work needed;

(h) Measurement of the output of central banks — further work needed.

7. At the February 2004 meeting of the Advisory Expert Group on National Accounts, some members proposed that some additional issues should be considered in the update, and it was agreed that proposals should be sent to the Intersecretariat Working Group on National Accounts prior to its March 2004 meeting. The 14 proposals received were then considered by the Intersecretariat Working Group on National Accounts and recommendations were made in respect of each one. The proposals and Working Group recommendations were then sent to members of the Advisory Expert Group for their consideration. The outcome (which is reported on

the SNA update web site) was that only points for clarification and textual improvement were approved by the Advisory Expert Group on National Accounts.

8. At the time of writing, a second meeting of the Advisory Expert Group on National Accounts will be held in New York between 8 and 16 December of 2004. A number of issues embracing national accounts, balance-of-payments and public sector accounts will be discussed. Proposals for decision by the Advisory Expert Group on National Accounts have been prepared for the following issues: databases, mineral exploration, originals and copies, valuation of non-performing loans, cost of capital services from government-owned assets, land, change of economic ownership, the application of accrual principles to debt arrears, the meaning of the term "predominant centre of economic interest", multi-territory enterprises, holding companies, special purpose entities and trusts, etc. The full agenda, issue papers, minutes and other relevant documents are available on the 1993 SNA update web site (http://unstats.un.org/unsd/nationalaccount/snarev1.htm).

C. Management of the update process

9. The Intersecretariat Working Group on National Accounts was charged by the Statistical Commission at its meeting in March 2003 with the responsibility of overseeing and managing the update of the 1993 SNA. For the update process, the Advisory Expert Group on National Accounts was established to advise the Working Group on the resolution of the issues. The advice on each of the issues is subsequently submitted for country consultations, the written responses to which are consolidated by the Working Group and posted on the 1993 SNA web site.

10. At this point it is worthwhile clarifying what the Intersecretariat Working Group on National Accounts is and how it operates. The Working Group exists at two levels. At the operational level, there is the National Accountants Group from the same five international organizations making up the Working Group, which meets frequently, prepares reports, etc., and is undertaking the tasks associated with managing the update of the 1993 SNA. Overseeing this group is the Management Group, which consists of the statistical heads of the five organizations, whose role it is to monitor the progress of the update and to take any actions they see fit to ensure a successful outcome. The project manager will oversee the overall coordination work of the updating on behalf of the Management Group.

11. In response to the Commission's emphasis on transparency and broad involvement, the following steps are being taken:

(a) Placing issue papers on the SNA update web site as soon as possible; and advising interested parties of the availability of issue papers on the web site;

(b) Consulting member countries directly by sending to all national statistical offices and central banks summaries of the changes recommended by the Advisory Expert Group on National Accounts (with reference to the web site containing the issue papers) and asking for their comments;

(c) Presenting issue papers at regional meetings for comments, if funding is available. Up to now, the updated issues have been discussed at the Statistical Office of the European Communities (Eurostat) Task Force on the Revision of the 1993 SNA on 15 and 16 September 2004 and the joint national accounts meeting of the Organization for Economic Cooperation and Development (OECD) and the

members of the Economic Commission for Europe (ECE) from 12 to 15 October 2004.

12. The coordination of the update of the 1993 SNA with the *Balance of Payments Manual* and the *Government Financial Statistics Manual* is a critical task that the Intersecretariat Working Group on National Accounts takes most seriously. This includes the following:

(a) National accountants from the ISWGNA institutions take part in the meetings of the IMF Committee on Balance of Payments and the Task Force for the Harmonisation of Public Sector Accounts. This participation should ensure that the implications for the SNA of proposed changes to the *Balance of Payments Manual* or *Government Financial Statistics Manual* will be carefully considered;

(b) All the papers and reports produced by the IMF Committee on Balance of Payments and the Task Force for the Harmonisation of Public Sector Accounts are publicly accessible;

(c) Once appointed, the project manager and editor will provide further assurance of good coordination;

(d) It has already been agreed that time should be set aside at Advisory Expert Group meetings for representatives from the Committee on Balance of Payments and the Task Force for the Harmonisation of Public Sector Accounts to give briefings on issues under consideration;

(e) All the issue papers from the Committee on Balance of Payments and the Task Force for the Harmonisation of Public Sector Accounts are considered by the Advisory Expert Group on National Accounts.

13. The appointment of a project manager and an editor is expected soon. These appointments will be of assistance in coordinating the update of the manuals, but clearly both of them, in their different ways, will play keys roles in ensuring the success of the whole update. Fundraising to support the update process continues to be a high priority.

III. Report on the 1993 SNA implementation

14. Similar to the report submitted to the Statistical Commission at its thirty-fifth session (E/CN.3/2004/10), this section reports on the 1993 SNA implementation using the defined standard called the minimum requirement data set (MRDS) and the "milestone" measure for the scope of available data. Both assessments are based only on the national accounts database administered by the Statistics Division, which consists of the data officially submitted by countries to the Statistics Division, the Statistical Office of the European Communities (Eurostat) and the OECD on the basis of the annual United Nations national accounts questionnaire (NAQ). The limitations of the assessments are the same as presented in last year's report to the Commission.

15. The current analysis is based on the observation period 1997 to 2002. For comparison, the results of the previous scope assessments — reported to the Statistical Commission in 2004 at the thirty-fifth session (E/CN.3/2004/10) and in 2001 at the thirty-second session (E/CN.3/2001/18) are also given.

16. The analysis for the period 1997 to 2002 produced the following results for the 191 States Members of the United Nations:

(a) Data availability has overall considerably improved compared to the first assessment in 2000 for the period 1993-1998, and slightly improved compared to the 2003 assessment of the period 1996-2001. Now 52 countries (27 per cent) fulfil the MRDS benchmark, up from 47 (25 per cent) in 2003, and 24 (13 per cent) in 2000;

(b) Transition economies continued their trend of significantly improving data availability. Now 41 per cent fulfil the MRDS as compared to 19 per cent last year;

(c) In Oceania and Africa, as compared to other regions, implementation rates for the individual table are low. Among the developing regions, Western Asia shows the highest implementation rates for all tables;

(d) The milestone measure[1] exhibits limited variation on a year-on-year comparison.

17. It should be noted that the reported results reflect both an improvement in the 1993 SNA implementation in Member States as well as improved reporting, i.e., the submission of more up-to-date statistics by States to the Statistics Division database. It is currently not possible to separate the two causes and measure their individual impact on data availability.

Table 1

Availability of the tables of the "minimum requirement data set" and milestone levels 1 and 2 for States Members of the United Nations

	Tables of the minimum requirement data set								*Six or more tables*	*Percentage of total*	*Seven tables*	*Percentage of total*	*Milestone level*			
	Total (1)	*1.1* (2)	*1.2* (3)	*2.1* (4)	*2.2* (5)	*2.3* (6)	*1.3/4.1* (7)	*4.2* (8)	(9)	(10)	(11)	(12)	*One or higher* (13)	*Percentage of total* (14)	*Two or higher* (15)	*Percentage of total* (16)
No. of countries[a]																
Fiscal years 1997 to 2002 (Assessment 2004)																
Member States	**191**	**141**	**111**	**139**	**129**	**76**	**102**	**74**	**75**	**39**	**83**	**27**	**137**	**72**	**103**	**54**
Developed[b]	28	25	25	23	20	23	23	24	22	79	20	71	23	82	23	82
Transition economies	27	25	20	27	22	12	17	17	17	63	11	41	25	93	18	67
Developing	136	91	66	89	87	41	62	33	36	26	52	15	89	65	62	46
Africa	53	27	21	25	23	12	15	9	9	17	8	15	23	47	14	26
Caribbean and Latin America	33	29	20	27	28	13	24	11	12	36	7	21	29	88	24	73
Western Asia	15	13	10	13	12	9	10	3	6	40	3	13	13	87	10	67
East, South-East and South Asia	23	19	14	20	20	7	12	9	8	35	4	17	19	83	13	57
Oceania	12	3	1	4	4	0	1	1	1	8	0	0	3	25	1	8
Fiscal years 1996 to 2001 (Assessment 2003)																
Member States	**191**	**140**	**112**	**137**	**130**	**78**	**104**	**68**	**78**	**41**	**87**	**25**	**137**	**72**	**103**	**54**
Developed[b]	28	25	25	23	20	23	24	24	23	82	20	71	23	82	23	82
Transition economies	27	25	20	26	22	7	17	12	13	48	5	19	25	93	18	67
Developing	136	90	67	88	88	48	63	32	42	31	57	16	89	65	62	46
Africa	53	28	22	25	24	14	17	8	10	19	8	15	23	49	16	30
Caribbean and Latin America	33	29	22	27	29	17	24	11	15	45	7	24	30	91	24	73
Western Asia	15	13	9	13	12	10	10	4	8	53	5	13	13	87	10	67
East, South-East and South Asia	23	17	13	19	19	7	11	8	8	35	4	17	17	74	13	52
Oceania	12	3	1	4	4	0	1	1	1	8	0	0	3	25	1	8

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	Total (1)	Tables of the minimum requirement data set: 1.1 (2)	1.2 (3)	2.1 (4)	2.2 (5)	2.3 (6)	1.3/4.1 (7)	4.2 (8)	Six or more tables (9)	Percentage of total (10)	Seven tables (11)	Percentage of total (12)	Milestone level: One or higher (13)	Percentage of total (14)	Two or higher (15)	Percentage of total (16)
	No. of countries[a]															
Fiscal years 1993 to 1998 (Assessment 2000)																
Member States	**189**	**122**	**94**	**120**	**114**	**43**	**74**	**56**	**44**	**23**	**24**	**13**	**122**	**65**	**84**	**44**
Developed[b]	27	23	23	23	19	20	23	19	19	70	16	59	23	85	23	85
Transition economies	27	22	16	23	19	5	12	10	6	22	0	0	22	81	14	52
Developing	135	77	55	74	76	18	39	27	19	14	8	6	77	57	47	35
Africa	53	22	14	20	20	2	7	7	4	8	1	2	21	40	11	21
Caribbean and Latin America	33	24	19	23	25	6	12	8	4	12	3	9	25	76	15	45
Western Asia	15	13	9	14	12	5	8	6	5	33	2	13	13	87	8	53
East, South-East and South Asia	22	17	13	17	18	5	11	5	6	27	2	9	17	77	12	55
Oceania	12	1	0	0	1	0	1	1	0	0	0	0	1	8	1	8

[a] This assessment includes Switzerland and Timor-Leste, which became members of the United Nations after 2000.

[b] Western Europe, United States of America, Canada, Japan, Australia, New Zealand.

IV. Factors impeding the implementation of the 1993 SNA

A. Background

18. At its thirty-fifth session, in 2004, the Statistical Commission expressed concerns about the low level of the 1993 SNA implementation in developing countries more than 10 years after its introduction. In view of this concern, the Statistics Division carried out a survey to investigate the underlying factors that impede the 1993 SNA implementation. To this end, a questionnaire (see annex) was sent to all Member States and territories requesting data on their practices in the last five years.

19. The average rate of response for all countries and territories is 43 per cent. A total of 53 developing countries and territories (39 per cent) responded of which half of the respondents have implemented the 1993 SNA (in short, 1993 SNA implementers).[2] In addition, 15 transition economies (56 per cent) and 16 developed countries (57 per cent) responded to the questionnaire (see table 2), of which the large majority are implementers. The good response rates from both developing and developed countries, from transition economies, and from each region are judged sufficiently high to allow for a reliable comparative analysis.

20. In this section of the report, the importance and relevance of various potential impeding factors in the implementation of the 1993 SNA are reviewed: the institutional environment, availability of computer equipment, staff resources in terms of number, level, turnover, recruitment, participation in statistical training programmes, the availability and scope of basic data, practices in data collection, etc.

B. Institutions responsible for national accounts compilation

21. National accounts are predominantly compiled and disseminated by the National Statistical Offices (see table 2). Only in a small number of countries are national accounts compiled by the Central Bank, mostly in the Latin America and the Caribbean countries, and by other agencies, which include the Ministry of Economic Affairs, Ministry of Finance or others. Otherwise, the nature of the compiling agencies is not a factor to distinguish between the countries that conceptually implement the 1993 SNA and those that do not.

Table 2
General information on the survey

	Number of countries	*Number of countries that responded to the questionnaire*	*Rate of response (%)*	*Number of the 1993 SNA non-implementers that responded*	*Responsible institution for national accounts compilation*			*Ratio of personal computers to National Accounts staff member (%)*
					National Statistical Office	*Central Bank*	*Other*	
All countries and territories[a]	207	89	43.0	31	70	10	9	0.94
All States Members of the United Nations	**191**	**84**	**44.0**	**30**	**65**	**10**	**9**	**0.94**
Developed[b]	28	16	57.1	...	15	...	1	1.03
Transition economies	27	15	55.6	2	15	...	...	0.87
Developing	136	53	39.0	28	35	10	8	0.87
Africa	53	17	32.1	11	14	...	3	0.74
Latin America and the Caribbean	33	18	54.5	8	10	8	...	0.97
Western Asia	15	10	66.7	6	5	1	4	0.80
East, South-East and South Asia	23	8	34.8	3	6	1	1	0.87
Oceania	12	...	...	...	...	...	...	...

[a] Including Anguilla, Aruba, Bermuda, British Virgin Islands, Cayman Islands, Cook Islands, French Guyana, French Polynesia, Guadeloupe, Holy See, Hong Kong (China), Macao (China), Martinique, Montserrat, Netherlands Antilles, New Caledonia, Puerto Rico and Reunion as territories and areas.
[b] Countries of Western Europe, United States of America, Canada, Japan, Australia and New Zealand.

C. Computer equipment

22. The availability of personal computers is currently considered essential for the timely processing of statistical data. However, given the widespread availability, this factor does not discriminate. In the majority of the regions, the national accounts staff members are adequately equipped with personal computers — the ratios of personal computers to staff members exceed 80 per cent, except for Africa, where the ratio is somewhat lower.

D. Staff resources

23. National accounts is a complex subject matter that requires many years of experience and training before staff are adequately familiar with the concepts and the diverse set of data sources used in the compilation. Thus, in the review of staff resources, not only the number of staff but also the level, the turnover and the recruitment of staff should be considered as potential factors that could impede the implementation of the 1993 SNA.

1. Professional and supporting staff

24. In terms of level of staff resources, a distinction is made between professional staff and supporting staff. While the definition of the distinction may vary from country to country, it is generally understood that professional staff members have at least a graduate university degree and/or passed a national or overseas statistical exam for professionals. On average, the national accounts offices in the countries responding to the survey are mainly staffed with professionals, by three out of four staff members. Moreover, this ratio of professional staff is similar in both developing and developed countries and does not differ between the 1993 SNA implementers and non-implementers.

2. Number of staff

25. A potential factor impeding the national accounts implementation, whether conceptual or in scope (e.g., the number of accounts in the SNA), is the adequacy of the number of staff. Low numbers of staff members may not allow countries to introduce the new concepts of the 1993 SNA and the subsequent revision of the historical data to be used in economic analysis and modelling. In addition, a low number of staff members also hinders the expansion of the scope of the series, accounts and tables that can be compiled.

26. The findings show that developed countries tend to have considerably more staff than developing countries, more or less double in every range of population size of countries, except in the population category between 30 and 50 million people (see table 3). Across all countries, the 1993 SNA implementers tend to have more staff than the non-implementers. Among the developing regions, countries in Africa report below average numbers of staff in each category of population size. More specifically, with a few exceptions, African countries indicate that the number of staff does not exceed 10 professional staff members.

Table 3
Number of national accounts staff per million people

	Population (millions)						
	Up to 1	*1-5*	*5-15*	*15-30*	*30-50*	*50-100*	*More than 100*
All States Members of the United Nations	**8**	**17**	**25**	**39**	**39**	**87**	**70**
Implementers	12	18	33	47	39	110	76
Non-implementers	6	14	9	29	...	31	64
Developed[a]	**12**	**37**	**40**	**81**	**37**	**161**	**105**
Implementers	12	37	40	81	37	161	105
Non-implementers	...	...	...	...	...	...	...
Transition economies	**...**	**12**	**36**	**...**	**51**	**...**	**...**
Implementers	...	13	42	...	51	...	...
Non-implementers	...	8	7	...	...	...	...
Developing	**8**	**16**	**15**	**27**	**33**	**32**	**58**
Implementers	12	17	20	25	33	33	47
Non-implementers	6	15	10	29	...	31	64
Africa	**5**	**11**	**13**	**...**	**14**	**10**	**44**
Implementers	...	9	19	...	14	...	...
Non-implementers	5	12	9	...	...	10	44
Latin America and the Caribbean	**6**	**25**	**16**	**35**	**72**	**...**	**47**
Implementers	4	27	21	25	72	...	47
Non-implementers	6	18	11	54	...	...	...
Western Asia	**16**	**20**	**20**	**12**	**...**	**47**	**...**
Implementers	24	6	29	...	...	43	...
Non-implementers	7	33	11	12	...	51	...
East, South-East and South Asia	**7**	**9**	**12**	**31**	**33**	**23**	**84**
Implementers	7	...	12	26	33	23	...
Non-implementers	...	9	...	36	...	...	84
Oceania	**...**	**...**	**...**	**...**	**...**	**...**	**...**

[a] Countries of Western Europe, United States of America, Canada, Japan, Australia and New Zealand.

3. Turnover of staff

27. Staff turnover, when combined with a small number of staff and lack of training, seems to be an important impediment to the implementation of the 1993 SNA. Overall, the turnover rate in national accounts offices is very high for both developing and developed countries. The turnover rates in the last five years range from 30 to 40 per cent, with the rates in developing countries tending to be at the lower end and developed countries and transition economies at the higher end (see table 4). However, the high turnover rate alone does not explain the ability to

implement the 1993 SNA. In fact, in Africa and the Latin America and the Caribbean region, the countries that implement the 1993 SNA have higher turnover rates than the non-implementers. Nevertheless, the non-implementers tend to be the countries that have a low number of staff, net loss in staff in the last five years and do not have regular domestic training programmes. This combination of factors affects Africa the most.

Table 4
Turnover and new recruitment of the national accounts staff

	All countries and territories		*1993 SNA implementers*		*1993 SNA non-implementers*	
	Ratio of new staff who joined national accounts departments in the last 5 years	*Ratio of staff who left national accounts departments in the last 5 years*	*Ratio of new staff who joined national accounts departments in the last 5 years*	*Ratio of staff who left national accounts departments in the last 5 years*	*Ratio of new staff who joined national accounts departments in the last 5 years*	*Ratio of staff who left national accounts departments in the last 5 years*
	(in percentage)					
All countries and territories[a]	46.5	38.1	47.4	38.7	42.9	35.7
All States Members of the United Nations	**45.7**	**37.3**	**46.4**	**37.8**	**42.9**	**35.7**
Developed[b]	42.6	39.6	42.6	39.6	...	...
Transition economies	53.4	40.6	51.8	36.3	93.3	153.3
Developing	45.8	34.0	49.6	35.5	41.4	32.1
Africa	44.1	36.3	77.1	46.7	24.1	29.9
Latin America and the Caribbean	39.4	31.4	43.0	33.4	29.3	25.5
Western Asia	56.6	29.8	48.0	27.5	63.5	31.7
East, South-East and South Asia	48.3	40.4	48.5	40.6	48.1	40.3
Oceania	...	...	...	...	...	...

[a] Including Anguilla, Aruba, Bermuda, British Virgin Islands, Cayman Islands, Cook Islands, French Guyana, French Polynesia, Guadeloupe, Holy See, Hong Kong (China), Macao (China), Martinique, Montserrat, Netherlands Antilles, New Caledonia, Puerto Rico and Reunion as territories and areas.

[b] Countries of Western Europe, United States of America, Canada, Japan, Australia and New Zealand.

4. New staff recruitment

28. With two exceptions — the non-implementers in Africa and the transition economies — the ratio of new recruitment over total staff is higher than the departure rates. Thus, it is only in those non-implementing categories that national accounts departments have not had net staff increases in the last five years.

E. Training

29. Training in national accounts is an indispensable requirement to ensure continuity in and creation of the knowledge capability of the national accounts staff for implementing the 1993 SNA, especially when the turnover of staff is high and the new recruitment is even higher. Although the figures vary across the regions,

more than half of all Member States in the survey indicated that they do not have a regular training programme in place (see table 5).

30. The domestic training capacity differs markedly across the regions and categories of countries. In the last five years, three out of four staff members in developed countries were domestically trained, either through on-the-job training, in-house workshops and classroom courses on national accounts. In contrast, less than two out of four staff members in the developing regions are domestically trained. By region, the ratio in Africa is substantially lower, less than one out of four had some domestic training. Of course, these stark differences in domestic training capacity in Africa have to be understood in combination with the low number of staff and the high turnover rate. Also, in transition economies low domestic training capacity is reported but has been offset by the high rate of participation of staff in international technical assistance programmes.

31. That domestic training capacity is a major factor in becoming a 1993 SNA implementer is reflected in the fact that on average, the rate of staff members who are domestically trained in the developing regions is twice as high among the 1993 SNA implementers as compared to the non-implementers.

32. Every region and category of countries had some form of international training, either domestically or overseas by international organizations or other countries; about one in four staff members. Therefore, international training should not be considered a factor distinguishing 1993 SNA implementers and non-implementers in developing countries.

Table 5
Ratio of national accounts staff trained

	Ratio of national accounts staff trained by:					
	All countries and territories		*1993 SNA implementers*		*1993 SNA non-implementers*	
	International training	*Domestic training*	*International training*	*Domestic training*	*International training*	*Domestic training*
	(in percentage)					
All countries and territories[a]	28.1	48.9	27.5	54.9	30.6	24.7
All States Members of the United Nations	**28.4**	**49.6**	**27.8**	**55.9**	**30.6**	**24.8**
Developed[b]	21.9	72.7	21.9	72.7	...	...
Transition economies	41.6	8.5	41.5	6.2	46.7	66.7
Developing	29.7	42.5	29.3	58.5	30.1	23.5
Africa	30.9	14.5	33.7	12.0	29.2	16.1
Latin America and the Caribbean	26.5	49.9	27.2	50.2	24.6	49.1
Western Asia	33.3	56.1	28.4	83.3	37.3	34.1
East, South-East and South Asia	30.4	42.6	32.7	97.0	28.7	...
Oceania	...	...	...	...	...	...

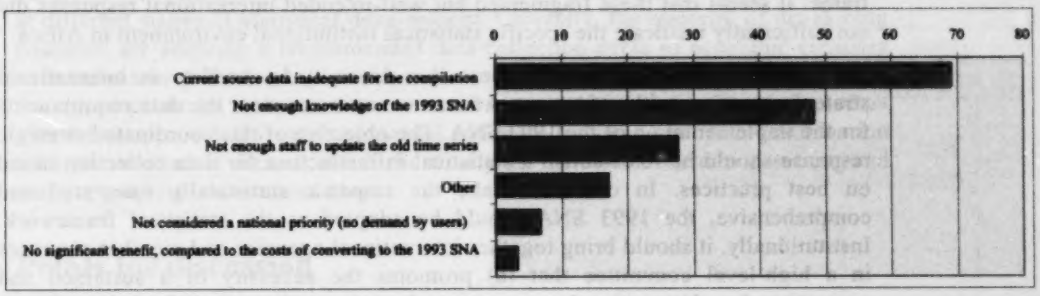
[a] Including Anguilla, Aruba, Bermuda, British Virgin Islands, Cayman Islands, Cook Islands, French Guyana, French Polynesia, Guadeloupe, Holy See, Hong Kong (China), Macao (China), Martinique, Montserrat, Netherlands Antilles, New Caledonia, Puerto Rico and Reunion as territories and areas.

[b] Countries of Western Europe, United States of America, Canada, Japan, Australia and New Zealand.

F. Data resources

33. Data availability is an important requirement for the implementation of the 1993 SNA. The survey responses from the 1993 SNA non-implementers show that data inadequacy is considered the main impediment to the compilation of national accounts followed in importance by the lack of knowledge and the inadequate number and continuity of staff (see chart).

Chart
Factors impeding the 1993 SNA implementation



34. Data collection activities are expensive operations and therefore the current practices require continuous critical evaluation in terms of scope and coverage of the surveys. Currently, the data collection programme for structural industrial statistics recommended by the United Nations includes the use of infrequent economic census as benchmark inquiry (at least for all production units above a certain cut-off point expressed in total sales/turnover or employment) followed by annual surveys and more frequent inquiries between the benchmark years.[3] However, from the responses of the survey, it has been established that the developed countries have done away with this practice. Except for agricultural censuses, 75 per cent of the developed countries compiled their national accounts through basic data from annual surveys and administrative data. This tendency is even more pronounced for transition economies, where 93 per cent of the countries made use of data only from annual surveys and administrative data.

35. This finding for developed countries and transition economies as distinct from developing countries might reflect the tendency to make the most of administrative sources in order to minimize the response burden and cut costs. Many administrative sources provide near census information although the units they use may be different from those of the statistical agency. Therefore, statistical offices are increasingly collaborating with administrative sources to overcome these problems, with various levels of success. For instance, tax data are increasingly used to maintain business registers, and tax records for businesses are replacing survey data. The new practices in data collection and processing using administrative data in combination with surveys of different frequency as well as the new challenges to meet conceptual issues on the globalization of production and financing (like multi-territorial enterprises, outsourcing of production, etc.) warrant revisions of the United Nations manuals on basic economic statistics.

36. The finding of this survey that data availability, both in scope and frequency, is the most important impediment to the implementation of the 1993 SNA in the

developing countries and in particular in Africa is a formal confirmation of various inquiries and findings of other international agencies. Apparently, the numerous initiatives by international agencies to remedy this shortcoming have been undertaken mainly in their specific areas of expertise or mandate, such as agricultural, industrial and services statistics, prices (International Comparison Programme (ICP)), labour statistics, household income and expenditure statistics, international trade and investment statistics, etc. However, as confirmed by the survey, these initiatives have not led to the desired outcome, in part because they have been partial responses encompassing only a subset of the basic economic statistics and in part because the underlying interventions had a short-term time frame. It seems that these fragmented but well-intended international responses did not sufficiently inculcate the specific statistical institutional environment in Africa.

37. At this juncture, therefore, there is a necessity to develop an international strategic response with a focus on African countries to meet the data requirements for the implementation of the 1993 SNA. The objective of this coordinated strategic response should be to establish a statistical infrastructure for data collection based on best practices. In order to make the response statistically integrated and comprehensive, the 1993 SNA should be adopted as the statistical framework. Institutionally, it should bring together international agencies and member countries in a high-level committee that (a) promotes the necessity of a sustained and comprehensive international response and national interventions in a 10-year framework; (b) formulates guidelines for a comprehensive data collection programme of socio-economic statistics for countries at different stages of implementation of the 1993 SNA; and (c) coordinates a mutually reinforcing technical assistance programme of international agencies, both at the regional and individual country level.

G. Recommendations

38. Four main recommendations have been drawn from the analysis of the survey results on impeding factors that warrant further considerations by Member States and the Statistical Commission in order to enhance the implementation of the 1993 SNA:

(a) Countries in developing regions, particularly in Africa, may wish to consider increasing the number of staff members in the national accounts department in order to implement the 1993 SNA and expand the scope of implementation (e.g., the number of accounts in the system) to serve a broader set of analytical purposes. In their decision on the appropriate size of their national accounts department, they may wish to consult the Statistics Division report on the size of staff of national accounts departments by size of population, by region and by scope of accounts;

(b) The Statistical Commission may wish to initiate a study among Member States to share their experiences in human resource management to ensure continuity and quality of the statistical production process. Within this study, it may also be necessary to review the career policies adopted;

(c) The Statistical Commission may wish to initiate a study among Member States to determine the best practices in operating a domestic statistical training programme on statistics in general and national accounts in particular. This study

may serve as a guide for member countries that may wish to develop a regular training programme and for international organizations to provide technical assistance to train-the-trainers programmes;

(d) The Statistical Commission may wish to initiate a study among member countries on best practices and strategies of data collection of basic statistics for structural and more frequent business statistics that would feed into the compilation of national accounts. This study might feed into the review of the United Nations Industrial Statistics programme planned for the thirty-seventh session of the Commission in 2006. This would serve as a strategic long-term response to the design of an economic data collection scheme of a national statistical infrastructure at different stages of statistical development. Currently, the majority of developing countries are adopting a recommended data collection cycle of economic censuses as benchmarks followed by annual and more frequent surveys. In contrast, most developed countries and transition economies responded that they have adopted an alternative approach that relies on annual and more frequent surveys in combination with administrative data. It would be timely to review the current practices and make appropriate recommendations.

V. Points for discussion

39. The Commission may wish to express its views on the following points:

(a) Overall progress in the updating of the 1993 SNA;

(b) Scope of implementation of the 1993 SNA as described in section III;

(c) Recommendations (a) to (d) of paragraph 38 in section IV on factors impeding the implementation of the 1993 SNA.

Notes

[1] The milestone measure delivers better results than the MRDS because the definition used for the milestone assessment by the Statistics Division required either current *or* constant price estimates for GDP by expenditure and industry breakdowns. Moreover, the definition of milestone levels 1 and 2 does not require table 2.3 of the NAQ, while the MRDS does.

[2] The distinction between 1993 SNA implementers and non-implementers is based on an evaluation of the United Nations questionnaires on conceptual compliance and national accounts statistics. This assessment focuses on the adoption of major conceptual changes in GDP in the 1993 SNA from the 1968 SNA. Further details on this distinction are presented in the Statistical Commission report on national accounts (E/CN.3/2003/10).

[3] *International Recommendations for Industrial Statistics*, Statistical Papers, Series M, No. 48/Rev.1 (United Nations publication, Sales No. E.83.XVII.8), 1983.

Annex

Questionnaire on the 1993 SNA implementation

I. General questions	
Country: Name of institution: Contact person for this questionnaire: E-mail:	

II. Resources (Please provide the most recent information)*			Response
1.	Which institution is officially responsible for national accounts compilation/dissemination?	National Statistical Office	
		Central Bank	
		Ministry of Economic Affairs/Planning	
		Other (specify)	
2.	How many staff work in the National Accounts Division/Department (in full time equivalent)?	Total	
		Professionals	
		Supporting staff	
3.	What is the ratio of the staff working in the National Accounts Division/Department to the overall number of the staff working in the National Statistical Office (NSO)?	Total	
		Professionals	
		Supporting staff	
4.	How many new staff have joined the National Accounts Division/Department in the last 5 years?	Professionals	
		Supporting staff	
5.	How many staff have left the National Accounts Division/ Department in the last 5 years?	Professionals	
		Supporting staff	
6.	Is there any regular training programme (domestic or foreign) in place for the staff of the National Accounts Division/ Department?	Yes	
		No	
7.	How many professional staff in the National Accounts Division/Department have participated during the last 5 years in training/workshops on national accounts organized by:	Foreign: International organizations/other countries	
		Domestic: National organizations, including NSO	
8.	How many personal computers are available in the National Accounts Division/Department?		

* Additional comments/explanations (or supporting material, e.g. on organizational details) are welcome.

III. Availability of source data (including data sources from outside the national statistical offices)					
	Censuses of economic units			Annual surveys	Administrative records
	Every 5 years; please provide last census year	Every 10 years; please provide last census year	Less frequent than every 5 or 10 years; please provide last census year	Yes/No; please provide last year of survey	Yes/No
Agriculture					
Forestry					
Mining and quarrying					
Manufacturing					
Electricity, gas and water supply					
Construction					
Wholesale and retail trade					
Hotels and restaurants					
Transport					
Communications					
Financial intermediation					
Other private services					
Public administration					

IV. 1993 SNA implementation: Questions 9-15 are asked only of countries that have not published national accounts according to the 1993 SNA as official statistics.			Response (please tick)
9.	Do you compile national accounts according to the 1993 SNA on an experimental basis?	Yes	
		No (go to 14)	
10.	For how many years are experimental national accounts data available according to the 1993 SNA?	1 year	
		1-3 years	
		More (specify)	
11.	Do you have plans to extend backward the length of the time series of experimental national accounts based on the 1993 SNA?	Yes	
		No plans	
12.	Do you publish or disseminate experimental national accounts data according to the 1993 SNA? (if yes, go to question 14)	Yes	
		No	

13.	What are the reasons for not publishing/disseminating them? (Indicate the order of importance by ranking from 1-4)	Limited time series	
		Not part of the regular statistical programme	
		Lack of understanding of 1993 SNA by users	
		Other (specify)	
14.	When do you plan to start regular publication of national accounts data according to the 1993 SNA?	During the next 3 years	
		During the next 5 years	
		No plans	
15.	If the 1993 SNA has not been implemented as a regular programme, what are the main reasons? (Indicate the order of importance by ranking from 1-6)	Not enough staff to update the old time series	
		Not enough knowledge of the 1993 SNA	
		Not considered a national priority (no demand by users)	
		No significant benefit, compared to the costs of converting to the 1993 SNA	
		Current source data inadequate for the compilation	
		Other (specify)	
Please provide any supplementary comments on the status of implementation of the 1993 SNA in your country. Use a separate attachment if necessary.			

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Item 4 (c) of the provisional agenda*
Economic statistics: service statistics

Report of the Organization for Economic Cooperation and Development on service statistics

Note by the Secretary-General

The Secretary-General has the honour to transmit herewith to the Statistical Commission the report of the Organization for Economic Cooperation and Development on service statistics. The report is transmitted to the Commission in accordance with a request of the Statistical Commission at its thirty-fifth session.** The Commission is requested to discuss the suggestions and questions contained in paragraphs 12 to 22 and at the end of annex II in paragraphs II.14 to II.16.

* E/CN.3/2005/1.

** *Official Records of the Economic and Social Council, 2004, Supplement No. 4* and corrigendum (E/2004/24 and Corr.1), chap. I, para. 1.

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I. Introduction

1. Services are increasingly important in modern economies, contributing about 68 per cent[1] of value added in the world economy in 2002 and, although at a much lower level, are increasingly traded internationally. These patterns of increasing importance of services are observed in the generality of both "developed" and "developing" economies, although there are economies that show exceptions to the trend. Despite considerable progress over recent years, measuring the output of services still raises a range of complex conceptual and practical problems.

2. In March 2003 the Statistical Commission invited the Organization for Economic Cooperation and Development (OECD) to assist it by coordinating development work on service statistics that is being undertaken by international organizations and international expert groups. The guidance the Statistical Commission gave is attached (see annex I). A more comprehensive and detailed report, including an overview of progress, is tabled as a room document for consideration by the Commission, while the present summary document sets out some ideas, proposals and questions about the development of a coherent strategy for service statistics at both the national and international levels. A summary report from the Voorburg Group with proposals on its future scope is attached (see annex II).

3. As part of the coordination project, OECD has drawn on the work of a variety of expert groups working on some of the key issues in service statistics as well as those working to update the System of National Accounts (1993 SNA); to revise the International Monetary Fund *Balance of Payments Manual*, fifth edition; to revise the International Standard Industrial Classification of All Economic Activities, revision 3.1; and to revise the Central Product Classification version 1.1. A summary of service measurement issues and expert groups is attached (see annex III).

4. Consequently, the OECD coordination process has sought to avoid duplication of any aspects of these other larger-scale coordination exercises and has been administratively light, practical and relevant to all the participant organizations, groups and individuals. An important aim of the project is to increase awareness of work on services. With this in mind and to facilitate the communication of methodological outputs as well as communication with other groups and organizations, OECD created some service statistics web pages with many links at http://www.oecd.org/std/services/statcoordination and a generic e-mail hotline std.servstat@oecd.org for questions and contacts.

II. Policy needs and service statistics

5. Given the need to measure accurately economic growth and the increasing interest in the impact of services on national economic performance and in international trade in services, for many countries information on service statistics is still relatively inadequate and often problematic in terms of quality and comparability.

6. Any attempt to take a strategic view of service statistics requires some assessment of data users and their analytical needs. Users may include central banks, national accountants, trade analysts and negotiators, ministries of finance and

industry, international institutions, economic forecasters, businesses, trade associations and academia. One would also take into account user needs with sectoral interests such as health, education, tourism, financial services, audio-visual services and the like, but only insofar as there is a need to make comparisons across sectors. A first attempt to show which statistical fields are most relevant for each category of policy needs is reflected in the table below.

7. There is a general and basic analytical need to understand the size and structure of the service sector's output and employment. Central bankers are clearly interested in a variety of price indicators as well as a wider set of short-term indicators related to output and demand, for example, orders, retail sales, exports, employment and labour costs. In their role of maintaining currency stability, they also need trade and balance of payments information. Generally their interest is at a relatively macroeconomic level. Ministries of finance are equally concerned with all these indicators to inform macroeconomic and fiscal policy as well as econometric models, but may also be interested in indicators of longer-term competitiveness such as productivity, the drivers of growth or investment and indicators of attractiveness to foreign investors.

8. National accountants may be considered as key and influential users of service statistics as well as producers thereof. In measuring output, a balance of good structural information for benchmarking complemented by short-term indicators for projections are needed. Structural information should properly reflect the importance of the service sector and include good output data for service enterprises and non-market and non-profit activities, where they are significant. National accountants also need information on inputs, investment, purchases, employment, trade and prices.

9. Trade ministries, analysts and negotiators need detailed trade data for goods and services in order to inform trade negotiations and monitor agreements. For trade in services, in addressing the needs of the General Agreement on Trade in Services as well as regional accords such as the European Single Market and the North American Free Trade Agreement, this includes but goes beyond the traditional economic concept of exports and imports in the balance of payments to cover access to markets through a commercial presence and the presence of natural persons. Since many services can be delivered to customers only locally, such as to hotels and cleaning services, statistics on the activity of foreign affiliates are needed, as well as on foreign direct investment and on movement of temporary workers delivering services. The trade in services agenda and the internationalization of the production process increase the need for internationally comparable domestic production data on services.

10. Ministries of industry or enterprise or the business environment and trade associations generally take a much more detailed interest in the workings of the economy. They need more microeconomic data on industry and services to inform economic analyses and in order to understand the dynamics and obstacles to growth as well as international competitiveness and attractiveness of the economy to foreign direct investment. They may take an interest in the performance of small and medium-sized enterprises (seen as a potential engine of growth), in activity, productivity, labour costs, human capital, skills, innovation, research and development, science, technology, the information society and other dynamic growth areas such as biotechnology and business services. Finally there is a general cross-cutting concern about sustainable development.

Policy needs and statistical tools involving services

Monetary policy, macroeconomic analysis	*Competitiveness, communication, industrial and small and medium-sized enterprises policies*	*Productivity analysis*	*Trade agreements, globalization of services, offshoring/delocalization*	*Labour policies*
National accounts	National Accounts	National accounts		
Business registers, classifications, monthly, quarterly and annual business surveys	Business registers, classifications, annual business surveys	Business registers, classifications, annual business surveys	Business registers	Business registers
			Bank settlement systems; business surveys and household surveys	Business surveys
		Capital and employment surveys		
Service prices and volumes		Service prices and volumes		
Short-term indicators of service output				
Balance of payments	Trade in services		Trade in services	
	Foreign affiliates trade in services statistics		Foreign affiliates trade in services statistics	
	Foreign direct investment		Foreign direct investment	
			Movement of people (and remittances)	
Other types of statistics	Information and communication technology	Information and communication technology statistics	Information and communication technology statistics	Household surveys of employment (e.g. Labour Force Survey)
	Innovation statistics	Labour Force Survey	Labour Force Survey	
	R&D statistics		Migration statistics	
	Labour Force Survey			
	Mergers and acquisitions			

III. Main conclusions and priority areas to be addressed regarding service statistics

11. Even if the quality of service statistics has increased in many countries over the past decade, the high number of potential users and the increasing demand for such statistics can create the impression that statisticians are far from satisfying users of service statistics. It is quite clear that any medium-term policy to substantially improve service statistics requires adequate resources and a strong commitment from top managers in charge of statistical operations. In particular, efforts to improve service statistics should be aimed at implementing existing standards, strengthening the statistical infrastructure and tackling conceptual and methodological difficulties. In the following paragraphs key issues are identified for both international/supranational bodies and national statistical agencies.

12. Firstly, the overall review carried out by OECD shows that there are several international initiatives aimed at addressing conceptual and methodological issues. The degree of coherence and coordination of such efforts is quite good and has been assisted by the coordination effort. Without emphasizing too much the results already achieved, it is possible to say that the global awareness on what each research group on service statistics is doing has increased, and the same can be said for the accessibility to documents produced by individual groups.

13. Secondly, regarding methodological work, the review has demonstrated that there are no major gaps in the international agenda on the development of service statistics. The major coordinated revisions of the 1993 SNA, the fifth edition of the *Balance of Payments Manual*, the International Standard Industrial Classification of All Economic Activities and the Central Product Classification are expected to provide a new impetus to progress on service statistics.

14. Thirdly, development work on service prices and volumes is fundamental to the measurement of growth and needs to continue. Consideration should be given to the implications of the "Atkinson review of measurement of government output and productivity" conducted by the United Kingdom of Great Britain and Northern Ireland for international practice in measuring the output of public services.

15. Fourthly, there is a need to engage more countries in the service statistics agenda in order to understand the importance of services in their economies. From the point of view of international organizations, it would be necessary:

- To enhance coordination of inter-agency technical cooperation on this matter
- To disseminate methodological developments in various languages to those who need them
- To involve a wider range of countries in expert groups
- To give more attention to the implementation of existing standards and manuals and the monitoring of implementation, data quality and comparability
- To review data collection and dissemination activities carried out by international organizations to ensure that they reflect appropriately the contribution of services to modern economies.

16. From the perspective of the national statistical offices, it can be very helpful to develop an overall strategy for the measurement of services. As it usually takes time for new statistical projects to produce reliable figures, careful planning of the actions required to produce new service statistics is absolutely necessary. According to the OECD review, special attention should be given in many countries to the development and improvement of the statistical infrastructure underpinning statistics on services. This includes structural business statistics (e.g. business registers, units, classifications and definition of variables), the development of product data and trade in service statistics and the linking of data sets; short-term indicators of turnover/production in the service sector; and producer prices for services.

17. Moreover, the improvement of service sector statistics has to be seen in the full context of the collection of statistical information on enterprises. In order to minimize the burden on enterprises in responding to requests for data, priorities for statistical requirements related to enterprises must be established.

18. Although many difficult methodological issues remain, one of the main messages that emerges from the OECD review is that a wide range of methodological guidelines are already available covering most subject areas. The implementation of existing guidelines would allow any country to significantly improve the quality of its service statistics. Much information on useful experiences in implementing international guidelines is potentially available as well. Therefore, it is mainly up to individual countries to invest more in this sector, moving the topic up on the list of priorities.

19. In terms of international comparability, the situation is far from satisfactory. If all countries were able to implement all existing international guidelines, the situation could remain problematic in terms of comparability, especially as far as growth in gross domestic product is concerned. As a Eurostat survey of approaches to measuring the value added of services shows, there are various ways to implement methodological guidelines developed at the international level. This is an area in which international organizations and national agencies could and should do more to develop more precise lists of recommended practices.

20. The Voorburg Group has been and remains a valuable leading forum, network of experts and catalyst for developments in the area of service statistics. It has done essential basic methodological work, notably on classifications, model surveys and, more recently, on service producer price indices and turnover by product. However, with a variety of groups active on different aspects of service measurement, there is a need in its current review of the work programme, and in its way of working, to refocus on areas where the most value can be added, with more emphasis on outputs with a timetable.

21. As a first step in this review, the Voorburg Group bureau has submitted a summary report (see annex II) on its work in which it seeks to clarify the mandate of the Group and the future scope of its work. The Statistical Commission is invited to consider the questions raised in the report.

22. In this respect there is a "governance" question (see also annex II) that should be clarified. Considering that a "city group", such as the Voorburg Group, may not have a clear mandate or the authority to address official recommendations to countries, the question is: Who should be in charge of such activity? Looking at the

distribution of tasks among international groups working on service statistics, it is clear that in many cases such recommendations are actually issued by international organizations building on the work done by the Voorburg Group, as well as task forces and the like, and this is fully appropriate. However, there are domains in which there is no clear assignment of roles or the recommendations are issued only by organizations active in a specific region (such as Eurostat). The Commission may wish to address this issue and identify the way in which global standards can be developed in service statistics.

Notes

[1] World Bank, *World Development Indicators 2004*. Gross domestic product is aggregated in current United States dollars, calculated at current exchange rates.

Annex I

Conclusions of and action taken by the Statistical Commission in 2003 with regard to the services programme

In its report on the thirty-fourth session, in 2003, the Commission:[a]

- Welcomed the comprehensive report on service statistics activities prepared by the Australian Bureau of Statistics (see E/CN.3/2003/12);
- Noted the wide variety of activities related to service statistics carried out by a large number of city and expert groups and voiced general support for those activities;
- Emphasized that the participation of developing countries in those expert groups needed to be facilitated;
- Noted the strong need for a project management approach and coordination of work in service statistics and suggested that OECD take the lead in that regard;
- Agreed that this coordination function should not be carried out by existing city groups, whose work should remain focused on methodological issues;
- Noted that such a coordination function would include a continuous overview of activities carried out, ensuring and facilitating communication between the different groups involved and identifying overlaps, links and gaps in the work on data collection and methodological issues, as well as setting priorities for work on service statistics;
- Encouraged the provision of a single annual report on the work undertaken by the various expert and city groups on service statistics and requested that the report be submitted to the Commission;
- Suggested that the future work on implementation of the *Manual on Statistics of International Trade in Services*[b] should focus on improving the quality of data rather than on introducing more detailed statistics.

Notes

[a] See *Official Records of the Economic and Social Council, 2003, Supplement No. 24* (E/2003/24), chap. III, para. 8.

[b] Statistical Papers, No. 86 (United Nations publication, Sales No. E.02.XVII.11).

Annex II

Voorburg Group on Service Statistics: future scope

II.1. The Voorburg Group on Service Statistics was created in 1986 in response to a request from the Statistical Office of the United Nations for assistance in developing service statistics. It was set up at the initiative of Statistics Canada. The first meeting, hosted by the Netherlands Statistical Office, was held in January of 1987 in Voorburg (the Netherlands), from which the group derives its name.

II.2. The primary objective behind the creation of the Group was to establish an internationally comparable methodology for measuring the real outputs of the service industries. Furthermore, the Group agreed to contribute to the development of the service areas of the two United Nations classifications: The International Standard Industrial Classification of All Economic Activities, revision 3, and the Central Product Classification.

II.3. Subsequently the purpose of the Group was expanded to address service statistics more generally, including topics such as the prices of service products; international trade in services; and employment, skills and occupations in the service sector.

II.4. With the growing economic importance of the service sectors and the emergence and rapid uptake of information and communication technologies, the statistical institutes were confronted with urgent user needs for the development of statistics covering those phenomena. In order to utilize the scarce resources of the national statistical offices most efficiently, the Group has emphasized the importance of international cooperation between both national and international institutes in order to avoid duplication of work and to further the development of work related to definitions and methodology needed for the future production of service statistics. As a consequence, the Group has established close cooperation with other international organizations, such as the International Monetary Fund, regarding service producer price indices, the Organization for Economic Cooperation and Development (information society statistics) and other United Nations groups (classification).

II.5. To prioritize the immense tasks of developing service statistics, the Voorburg Group, at its meeting in 1998, introduced the management tool of a prioritized three-year work programme for the period 1999-2001, with the following topics to be the focus of activity of the Group: producer price indices for services and the classification of service products. Other topics to be addressed were information society statistics, the measurement of demand for services by enterprises and the measurement of non-market services, with particular reference to the non-profit sector.

II.6. The Voorburg Group renewed the previous framework at its 2001 meeting. The framework for the period 2002-2004 consisted of a programme to enable in-depth work on a very limited number of core issues (producer price indices, classifications of service activities and products and information society statistics) and furthermore addressing a few ad hoc issues (non-profit institutions, sales by service products and short-term indicators) not to be dealt with at each meeting.

II.7. The most recent work programme of the Group has raised the concern and perception among a number of participating national statistical institutes that the agenda has become too unfocused. The need to focus on core competencies of the Group and to strengthen the work programme has been articulated, combined with the necessity of focusing on identified goals and deliverables.

II.8. At the meeting held in Ottawa in 2004, the Group had a more thorough discussion of its work methods, programme and objectives in order to discuss and meet the criticism raised. The conclusions of the brainstorming and discussions of the Group are presented below.

II.9. The primary objectives of the Group continue to be the proper identification and definition of service industries, products and measurements of turnover combined with a coordinated effort to produce producer price indices for use as deflators in order to improve the measurement of service components of real gross domestic product. Consequently, the Group will focus its work on: (a) classification issues; (b) output measures; and (c) price indices.

II.10. To fully achieve this primary objective, three major functions must be performed: (a) developing new concepts, methods and best practices; (b) maintaining and improving the knowledge base; and (c) disseminating best practices and knowledge transfer. The first function is the Voorburg Group's main function and has existed since the inception of the Group. The second one is needed because methods and best practices evolve with time. The Voorburg Group has assumed that role implicitly, as there were no other forums to deal with the issues. A similar situation arises for the third function, which is of importance for countries embarking on new developmental work. The recent experience in developing price indices shows that the best way of learning about constructing service price indices is to observe, participate and exchange with more advanced countries.

II.11. In the past, model surveys have been developed for computer services (see Computer Service: A Model Survey of Computer Services,[a] telecommunications, audio-visual services, marketing research and advertising services, and insurance services. More recently, model surveys have been developed for employment services (1997), educational services (1998), demand for services (1999) and usage of information and communication technology by enterprises and households (2001-2002). The models are available in the corresponding papers on the web site of the Voorburg Group: http://stds.statcan.ca/english/voorburg.

II.12. The decision was taken at the meeting held in Madrid in 2000 to develop a model for presenting international practices in different service activities concerning the measurement of producer price indices. Principal papers have been completed for the following services: accounting (2001), telecommunications (2001), legal (2001), real estate (2001), advertising (2002), road freight transport (2002) and engineering (2002) as well as for pre-packaged software (2003). The papers are available on the web site of the Voorburg Group.

II.13. In order to make its work available to the international statistical community and users of service statistics, the various outputs and papers from all the meetings of the Group are available at the Voorburg Group web site, hosted by Statistics Canada (see para. II.11 above). The Voorburg Group web site has been improved by Statistics Canada to make the work of the Group in previous years more easily searchable and accessible.

II.14. It is proposed that for the next three years the Voorburg Group develop its work plan according to the three major thrusts and functions identified in the table below. The main functions of the Group would remain the development of new concepts, methods and best practices, with emphasis on the development of service price indices. Some developmental activities may also be undertaken in classification and output measurement, as required to complement the work on service price indices. Under the heading of maintenance, two major projects need to be done over the next three years:

(a) A review of the best practices established for price indices up to the present time for submission to the Statistics Division;

(b) A review of the model survey to ensure that it still fits and is viable.

Scope and functions of the Voorburg Group

	Classification	*Output measures*	*Price indices*
Development	Central Product Classification[a]	Model surveys[a]	Collected papers[b]
Maintenance	Statistics Division technical subgroup[c]	Reviews of model survey[c]	Ongoing review of best practices[d]
Dissemination/ knowledge transfer	Statistics Division[c]	United Nations technical paper Voorburg[d]	Manual, workshops Voorburg

[a] Work completed.
[b] In development.
[c] Work almost completed.
[d] Work to be done.

II.15. In order to attain its objectives, the Group must, in the short term, do an inventory of the work done in the recent past and establish clearly what remains to be done in terms of developing concepts, methods and best practices and setting clear objectives for disseminating the outputs of the Group.

II.16. Being attentive to the criticism raised, the bureau of the Voorburg Group asks the Statistical Commission to clarify the future role and responsibility of the Group as follows:

(a) Is the mandate of the Group still to establish internationally comparable methods for the proper measurement of the service sector of the economy in constant prices?

(b) Is the function of the Group to develop concepts, methods and best practices in the areas of classification, output measures and price indices?

(c) Is the function of the Group to maintain and adjust concepts, methods and best practices in the areas of classification, output measures and price indices? If not, who is responsible for it?

(d) Is the function of the Group to transfer knowledge on concepts, methods and best practices in the areas of classification, output measures and price indices? If not, who is responsible for it?

Notes

[a] **Statistical Papers, No. 81 (United Nations publication, Sales No. 91.XVII.12).**

Annex III

Service measurement issues and related working groups

Main issue	*Sub-issue*	*Organization/groups*
1. Service statistics coordination and strategy	-	OECD
		Voorburg Group[a]
2. Classifications of activities/ products	-	Statistics Division
		Voorburg Group[a]
3. Measurement of real output of services	Definitions of services output	Inter-Secretariat Working Group on National Accounts
	Service producer prices (deflation of service output) and direct volume measures of output	Voorburg Group[a]
		OECD-Eurostat on service producer price indices Group[a]
		Inter-Secretariat Working Group on Price Statistics; IMF Technical Expert Group on the Producer Price Index
		ILO Technical Expert Group on the Producer Price Index; Ottawa Group
	Service export and import prices	IMF Technical Expert Group for updating the Manual on Export and Import Price Indices
	Estimating service output volumes in national accounts	OECD national accounts experts
		OECD Task Force on Financial Services[a]
		Inter-Secretariat Working Group on National Accounts
	Short-term service output indicators and business tendency surveys	OECD Short-Term Economic Statistics Working Group
4. Measurement of international trade in services	Trade in services in the balance of payments	IMF Committee on Balance of Payments Statistics
		OECD-Eurostat Meeting of Experts on Trade-in-Services Statistics
		United Nations Inter-agency Task Force on Statistics of International Trade in Services[a]

Main issue	*Sub-issue*	*Organization/groups*
		Eurostat Balance of Payments Working Group
	Trade by mode of supply	United Nations Inter-agency Task Force on Statistics of International Trade in Services[a]
	Foreign affiliates' trade in services	OECD globalization experts, Eurostat and UNCTAD
	Mode 4 trade in services	Technical Subgroup on the Movement of Natural Persons — Mode 4[a]
	Trade indicators	OECD International Trade Statistics Group
5. Surveying of service activities	Business registers	Round Table on Business Survey Frames; Economic Commission for Europe/OECD/Eurostat Steering Group on Business Registers
	Statistical units	Eurostat Task Force on Statistical Units
	Business statistics — choice and definition of variables, by size class	Eurostat Steering Group on Structural Business Statistics; OECD Statistical Working Party of the Committee on Industry and Business Environment
	Problems of surveying multinational corporations	
6. Information and communication technology (ICT), research and development (R&D), etc.	ICT and information society statistics	OECD Working Party on Indicators for the Information Society
		Voorburg Group[a]
	R&D statistics	OECD national experts on science and technology indicators
	Innovation statistics	OECD national experts on science and technology indicators
	Science and technology indicators	OECD national experts on science and technology indicators

Main issue	*Sub-issue*	*Organization/groups*
7. Specific sectoral issues	Tourism/financial/insurance/ ICT/business services/trade/ health/education/dwelling services/government/public sector, household production, etc.	Various groups
8. Developing country issues	Disseminating methodological work	
	Technical assistance expert networks	
	Informal economy	Delhi Group
	Non-observed economy	OECD
9. Special issues	Assessing quality of services	Voorburg Group Service producer price indices[a]
	Measuring productivity of services	
	Voluntary unpaid services	
	Non-profit institutions	
	Relationships between services and the rest of economy	OECD Statistical Working Party of the Committee on Industry and Business Environment
	Service flows from use/leasing of non-financial assets	Canberra II Group

[a] Groups principally focused on services.

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Economic statistics: statistics of international trade in services

Report of the Task Force on Statistics of International Trade in Services

Note by the Secretary-General

In accordance with a request of the Statistical Commission at its thirty-fifth session,* the Secretary-General has the honour to transmit the report of the Task Force on Statistics of International Trade in Services, which is presented to the Commission for information.

* E/CN.3/2005/1.
* See *Official Records of the Economic and Social Council, 2004, Supplement No. 4* (E/2004/24), chap. I.A.

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Report of the Task Force on Statistics of International Trade in Services

I. Introduction

1. During the past two years, the Task Force on Statistics of International Trade in Services has addressed the issues identified in the previous report to the Commission (E/CN.3/2003/15) and the suggestion of the Commission in 2003 that work should focus on increasing the quality of data. These issues, in brief, are (a) promoting the implementation of the *Manual on Statistics of International Trade in Services* (MSITS), including the development of compilation guidance and monitoring data quality; and (b) developing a statistical framework for the measurement of the trade-related movement of natural persons supplying services including the General Agreement on Trade in Services (GATS) mode 4.

2. The Task Force is also contributing to the current revisions of the basic economic statistics frameworks and classifications, where they affect trade in services, particularly the revision of the International Monetary Fund (IMF) *Balance of Payments Manual*, fifth edition (BPM5), and following these revisions proposes a limited updating of MSITS. The present report reviews the progress of the Task Force and its Technical Subgroup on the Movement of Natural Persons and future plans.

II. Activities of the Task Force

A. Coordination

3. One of the responsibilities of the Task Force is coordinating activities on international trade in services among the different international agencies, as well as informing the user community about statistical developments in the field. To that end, the recently redesigned Task Force web site, hosted and managed by the United Nations Statistics Division (http://unstats.un.org/unsd/tradeserv/), plays a major role. The web site serves as a central reference point on statistics of international trade in services for the dissemination and sharing of information. In addition to MSITS, training material and a list of past and future meetings, it contains an electronic archive of papers on international trade in services. The Task Force also plans to launch a newsletter on statistics of trade in services, which will be coordinated and prepared by the United Nations Statistics Division.

B. Promoting implementation of MSITS

4. Since the first publication of MSITS at the end of 2002, a major goal of the Task Force has been to promote the implementation of MSITS recommendations in countries. Strategies to achieve this include the development of compilation guidance, monitoring implementation and data quality, the coordination of technical cooperation, preparing a training module and the coordination of data collection by international organizations.

1. Compilation guidance

5. The development of compilation guidance on statistics of international trade in services had been identified by the Task Force as a priority area of work. At the September 2004 Task Force meeting, the World Tourism Organization presented a revised draft of a module on travel compilation guidance in the balance of payments, which sought also to develop synergies with the collection of international tourism data.

6. The Task Force welcomed a proposal to identify conceptual differences regarding tourism-related issues in BPM5, the Tourism Satellite Account and related frameworks in a transitional exercise, which would be an agenda issue for its next meeting.

7. In the light of the revision of BPM5 and the consequent uncertainty over future recommendations affecting the travel item, the Task Force agreed to defer discussions on compilation guidance until those recommendations were decided.

2. Monitoring implementation of MSITS and data quality

8. An Organization for Economic Cooperation and Development (OECD) paper setting out progress in implementation of MSITS, including discussion and some assessment of data quality, was submitted to the IMF Balance of Payments Committee in October 2004. The Statistical Office of the European Communities (Eurostat)-OECD methodological soundness questionnaire, covering the reporting of trade in services in the balance of payments, was sent out to about 40 countries in 2003 and to date about 30 countries have responded. Some partial analyses have been carried out and the information is proving very useful.

3. Coordination of technical assistance

9. The Task Force has an ongoing practice of sharing information on future technical assistance events and seminars on trade in services in order to avoid duplication and combine scarce resources, where appropriate. The shared information is compiled by IMF and is posted on the Task Force web site.

Selected recent and upcoming events

Host	*Dates*	*Subject*	*Agency Provider*
Center of excellence in finance	17-18 November 2004	Monitoring services for balance of payments statistics	IMF
Economic and Social Commission for Western Asia	14-17 December 2004	Trade in services	United Nations Statistics Division, World Trade Organization, IMF, United Nations Conference on Trade and Development (UNCTAD)
Caribbean Community	First quarter 2005	Trade in services statistics	United Nations Statistics Division/Economic Commission for Latin America and the Caribbean/CARICOM

10. At the request of the World Bank, a training module on statistics of international trade in services has been created by the World Trade Organization, with contributions from the Task Force. The training module has been tested, well received and refined in seven seminars in South-Eastern Europe in 2004 and is now available on the Task Force web site.

4. Data collection by international organizations

11. The Task Force coordinates data-collection activities of international agencies related to trade in services to minimize duplication. Recent and planned developments are described. IMF collects Extended Balance of Payment Services classification (EBOPS) components for trade in services on a voluntary basis as part of the balance of payments data collection. Eurostat has a newly passed regulation (2004) to collect detailed trade in services data according to EBOPS, and is developing a regulation to cover Foreign Affiliate Trade in Services (FATS) statistics according to the Categories for Foreign Affiliates of the International Standard Industrial Classification for All Economic Activities. OECD collects and publishes both FATS data and trade-in-services data, by partner country. UNCTAD continues to collect data on the activities of foreign affiliates, including those in the services sector. The United Nations Statistics Division is developing a worldwide database on trade-in-services statistics, detailed by partner country, service category and mode of supply, which the other data collections will feed into.

C. Revision of BPM5 and updating of MSITS

1. Review of the IMF annotated outline of BPM6 and Balance of Payments Technical Expert Group papers

12. The Task Force has a role to advise the IMF Balance of Payments Committee on services-related issues in the revision of BPM5. Accordingly, the Task Force reviewed the annotated outline of the revised *Balance of Payments Manual* for issues impacting on the measurement of international trade in services and associated issues raised at a meeting of the IMF Balance of Payments Technical Expert Group, held in Paris on 13 and 14 September 2004. The Task Force provided written comments to the IMF Committee meeting held in Pretoria from 26 to 29 October 2004.

2. Updating of the Manual on Statistics of International Trade in Services

13. Following the revision of BPM5, the activity and product classifications ISIC and the Central Product Classification (CPC), together with a planned chapter on the supply of services through the movement of natural persons, it will be necessary to update MSITS in order to maintain its usefulness and credibility for countries. The Task Force has agreed on a timetable to produce an updated MSITS by the end of 2008, for submission to the Statistical Commission in 2009. Apart from the above-mentioned driving factors and practical experience in implementing MSITS, because of its relative newness, the planned update would be limited in scope. In particular:

- The process would begin in 2005 with a review of EBOPS and issues to be included in scope of the updating

- June-December 2006: Task Force to review issues for revised MSITS and produce a draft outline of the updated MSITS, including EBOPS
- February-June 2007: consultations on the revised EBOPS and outline of the updated MSITS
- July 2007-March 2008: Task Force to review comments and draft the updated MSITS
- April-July 2008: worldwide consultation on first complete draft updated MSITS
- September-December 2008: Task Force to review comments and produce the final draft for submission to the Statistical Commission in 2009

III. Technical Subgroup on the Movement of Natural Persons — Mode 4

14. The Technical Subgroup on the Movement of Natural Persons — Mode 4 was established by the Statistical Commission at its thirty-fifth session, in 2004, with the objectives of (a) developing a conceptual framework for the measurement of the movement of natural persons, in particular of GATS mode 4; (b) developing indicators/variables which provide a measure of the impact of the movement of natural persons in the host and home countries; and (c) preparing data-collection guidelines. The United Nations Statistics Division as Chair and secretariat of the Subgroup.

15. The Subgroup works in close cooperation with international organizations and existing expert groups to provide input in the revision and update processes of economic statistics standards, namely the revision of BPM5, the update of the *1993 System of National Accounts* (1993 SNA), the revision of the Tourism Satellite Account and the revision of the census recommendations.

16. The Subgroup held its first meeting in Paris in September 2004. The meeting (a) discussed issues concerning the revision of BPM5 and the update of the 1993 SNA related to the measurement of the movement of natural persons; (b) discussed a paper prepared by the United Nations Statistics Division presenting a proposal for the statistical framework for the measurement of the movement of natural persons; and (c) provided a forum for exchange of information on activities in international organizations and on country practices in the compilation of statistics related to the movement of natural persons. The minutes of the meeting are before the Commission as a background document.

17. Since the statistical framework for the measurement of the movement of natural persons will serve several purposes, the Subgroup recognizes the importance of having the framework widely discussed and commented on before a final draft is produced. The web site of the Task Force, managed by the Statistics Division (http://unstats.un.org/unsd/tradeserv/subgroup.htm), will play a major role in the consultation process. All documents of the meetings and the various versions of the framework paper will be posted on the web site. In addition, the consultation strategy envisages presenting the framework paper in various forums so as to receive comments from a wide range of experts. The paper was discussed at both the Subgroup meeting and at the IMF Balance of Payments Committee meeting held in

Pretoria in October 2004, and will be revised on the basis of comments received. In the latter meeting, the United Nations Statistics Division was requested to expand the statistical framework to incorporate the measurement of remittances.

18. The statistical framework for the movement of natural persons will serve as a basis for an annex or a chapter in the revised *Balance of Payments Manual*, a chapter in the updated MSITS and a dissemination paper for GATS negotiators.

19. A detailed work programme with time lines and tasks to be completed by Subgroup members has been developed in order to meet the tight time schedule to include the final draft of the paper on the framework as an annex or chapter in the revised *Balance of Payments Manual*.